



# Task Force 2011



## U.S. Relations with Russia: Obama-Medvedev Bilateral Presidential Commission

Take measures to combat international nuclear and regionally-originated terrorism threats



Pursue greater nuclear weapons reductions with Russia



Enact prison reform with an emphasis on health, cleanliness, and human rights per the Universal Declaration of Human Rights



Expand educational opportunities and exchange programs between Russia and the United States

❖ Increase international cooperation to curtail the narcotics trade with increased involvement by parallel organizations



Harmonize trade regulations according to international standards by assisting Russia's acceptance into international organizations such as the OECD and WTO



Graduate Russia from the Jackson-Vanik Amendment and grant them Permanent Normal Trade Relations before Russia accedes to the WTO



Discretely privilege diplomatic efforts to better relations with Russia in order to influence interactions and dealings with Afghanistan, Georgia, Iran, Venezuela

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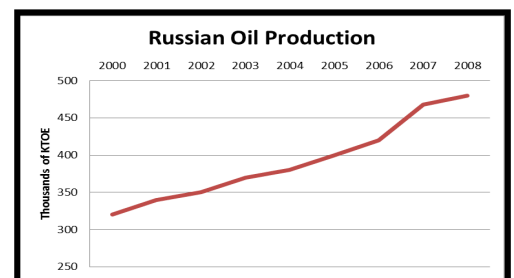
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## Executive Summary

The US and Russia have a history of acting in roles of global competitors. However this is not necessary, what's more is it is in neither of our interests. Eager to move beyond obsolete and irrelevant souvenir challenges based in historical periods that are no longer in effect, but still serves to obstruct both our nations from realizing our full global and regional potential the US-Russian bilateral commission proposes a series of correlated policy recommendations that serve to directly and immediately advantage the interests of the United State's imperative relationship with Russia.

A change in administrative outlook allows for a definitive change in the relations between Russia and the United States. The Sub commission recognizes that there have been many opportunities for both bi-lateral and multilateral cooperation that have not been actualized. Moving forward the sub commission findings and recommendations, all sharing the interest of the United States, seek to achieve a level of progress not yet obtained by previous attempts.

### Arms Control

- Take measures to combat international nuclear and regional originated terrorism threats
- Pursue measures to revitalize and strengthen the Nuclear Proliferation Treaty and its goals

- Improve the relationship between Russia and the North Atlantic Treaty Organization by:

President Obama has made clear in no uncertain terms, that a reduction in the nuclear arsenal is not only in the United States interests but the global interest its self. Missiles once accumulated to provide a number of fearful nations with collective security now pose a terrifying collective danger to the world. Sadly, modern terrorism affects everyone; no one society is absolutely safe. The U.S. and Russia have undertaken deep commitments to combating terrorism and its causes, and it is imperative that this relationship between U.S., Russia, and NATO, be furthered and natured. Yet the possibility nuclear terrorism extends the possible reach of terrorism exponentially. The United States and Russia must continue to take actions that prevent the threat and likelihood of nuclear terrorism. This may be achieved through the global mutual reduction of obsolete nuclear arsenals and strengthening of validity and power of treaties such as the NPT and CTBT.

#### Business Development and Economic Relations

- Graduate Russia from the Jackson-Vanik Amendment and grant them Permanent Normal Trade Relations before Russia accedes to the WTO.
- Promote a strong independent judiciary that is capable of combating corruption and racketeering.

- Harmonize trade regulations according to international standards by assisting Russia's acceptance into international organizations such as the OECD and WTO.

The economic U.S.-Russian relationship is one that brims with untapped opportunities that are limited and hindered by obsolete and unwarranted policies and regional practices.

The United States and Russia have different cultures and regional business practices, however many of our economic practices are mutual. It is in the interest of the U.S. to promote reciprocal cooperation and practices that facilitate greater levels of exchange untroubled by corruption and gratuitous transaction costs.

Specifically it is recommended that the U.S. utilize WTO accession as a condition to several changes including liberalization of work visa policy, conversion to the International Financial Reporting System.

### Human Rights

- Enact prison reforms with an emphasis should be placed on health, cleanliness, and human rights per the UDHR
- Support actions to greatly reduce human rights abuses in the areas of education, health, environmental, child labour, and human trafficking.
- Conferences promoting cultural exchange and scholarly and policy-focused exchanges surrounding the prevention of xenophobia and discrimination, especially after violence such as terrorism, should be pursued.
- Expand and advocate youth education rights to youth with disabilities

The United States has defined its self through a commitment to, and preservation of, human rights throughout our modern history. It is central to our national character. However the U.S. is failing in its global commitments to the furthering of human rights, especially in regards to Russian practices. Due to the U.S. inseparable ties to human rights the Russian human rights abuses, especially in sectors of education and prisons, are acting as an impassable obstruction of U.S. Russian relations. If the U.S. is to develop stronger and more familiar mutually beneficial ties with Russia it must aid Russia in efforts to enact practices that enable human rights, while also dismissing deplorable practices and situations that exemplify abuses that hamper a positive relationship. In order to progress in our relation and connection to Russia it is recommended that the U.S. succeed in the attempt to rectify unacceptable and superfluous abuses giving special consideration to abuses in the sectors of education, health, environmental, child labour, and human trafficking.

#### Regional Issues

- Reaffirm support to those Afghan officials who pursue political goals peacefully while pursuing a transition of responsibilities for both Russia, the U.S., and NATO in maintaining security in Afghanistan

- Increase international cooperation to curtail the narcotics trade with increased involvement by parallel organizations.
- Foster democracy and peace in Georgia. With an emphasis on supporting freedom of press, implementing changes to the constitution, fair elections, promoting the rule of law, and human rights.
- Maximize cooperation and amiable relations between U.S. and Russia concerning Iran.
- Support actions and reforms that disempower undesirable, undemocratic regimes in Venezuela, thus reducing the potency of Russian- Chávez relationship

The U.S. and Russian relation is largely conducted on a bilateral platform. However a strong association can be found between U.S. interests and Russia's relations with Afghanistan, Iran, Georgia, and Venezuela. The arena of multilateral engagements is one that exhibits the complexities of prudent diplomacy and discretion. The U.S. must be very meticulous in its approach to Russia's personal relations, as it is a sensitized issue.

The subcommission for regional issues recommends several actions that are customized for each scenario.

Table of acronyms and relevance-  
Listed in Order of Appearance

Arms Control and Security

New START- New Strategic Arms Reduction Treaty- Measures for the Further Reduction and Limitation of Strategic Offensive Arms. Signed on April 8, 2010.

NPT- Nuclear Non-Proliferation Treaty- Limits the spreading of nuclear missiles. Came in to March 5 1970, and currently has 189 states party to the treaty.

FMCT- Fissile Material Cutoff Treaty- A proposed international treaty that prohibit the additional production of fissile (fissile being material used in construction of nuclear weapons) material for nuclear weapons.

IAEA- The International Atomic Energy Agency- Agency charges with the responsibility for verifying that signatories are in compliance with the treaty safeguards.

CTR- Cooperative Threat Reduction Program, also known as the Nunn-Lugar program- Organization that's aids in the implementation of arms control agreements and in the dismantling and destruction of a number of nuclear weapons and their associated delivery systems.

CTBT- Comprehensive Nuclear-Test-Ban Treaty- Prohibits testing and explosions of nuclear devices.

SALT- Strategic Arms Limitation Talks- Cold War negotiation that lead to present treaties.

TNW- Tactical nuclear weapons.

DNDO- Domestic Nuclear Detection Office- Organization charged with detecting smuggled material, recovering lost material, identifying materials' origins, and punitive measures for those who are engaging in nuclear smuggling.

NRC- The NATO-Russia Council- involves the collaboration of twenty-eight NATO allies and Russia regarding security issues that impact the collective majority.

PAA- Phased Adaptive Approach- A ten year plan in which missile interceptors will be placed in Europe in four stages.

Human Rights Subgroup

UDHR- Universal Declaration of Human Rights- Document laying out inalienable Human Rights, not binding.

ICESCR- International Covenant on Economic, Social and Cultural Rights- United States has signed by not ratified. Russia has both signed and ratified.

ICCPR- International Covenant on Civil and Political Rights- United States has signed and ratified. Russia has signed and ratified.

DOE- The United States Department of Energy- directed in memo to work in cooperation with Russia's National Nuclear Agency to achieve goals related to nuclear clean up.

MDG- Millennium Development Goals- Goals are relevant to discussion of educational standards and expectations.

CRPD- Convention on the Rights of Persons with Disabilities and its Optional Protocol- Both US and Russia are signatories as of 2011.

CLEA - Critical Language Enhancement Award- provides funding to eligible Fulbright United States Student Program Grantees to use a foreign language for Fulbright project including Arabic, Mandarin Chinese, Russian etc.

CRC - Convention on the Rights of the Child- Intended to protect children from violations such as child labor.

FLES - The Federal Labor and Employment Service- Russian institution charged with statistical reports of child labor.

CPAECCL- Convention Concerning the Prohibition and Immediate Action for the Elimination of the Worst Forms of Child Labor- works to eliminate compulsory labor, forced child soldier, all forms of slavery, child prostitution, and child work that harm the healthy, safety or morals of children

IMO- International Maritime Organization- IMO- The IMO acts as a United Nations regulatory agency empowered with the administrative and legal authority to ensure shipping safety and prevent marine ecosystem pollution as consequence of oil discharge, with signatories; Denmark, Estonia, Finland, Germany, Latvia, Lithuania, Poland, and Sweden.

PSSA- Particularly Sensitive Sea Area- denotes an ecological area (Baltic Sea) that is sensitive to environmental changes.

#### Regional Issues (The Steering Group)

CSTO- the Collective Security Treaty Organization- Intergovernmental military alliance that aims to abstain from use or threat of military force.

P5+1- Five permanent members of United Nations Security Council and Germany

IAEA- International Atomic Energy Agency- International organization that aims to promote peaceful use of nuclear energy.

OAS- Organization of American States.

FARC- Revolutionary Armed Forces of Columbia

#### Trade and Business Development Relations

BRIC- Acronym for Brazil, Russia, India, and China.

IFRS- International Financial Reporting System- A broad set of standard based policies that seek to mineralize transaction costs

IPR- Intellectual property rights

OECD- Organization for Economic Cooperation and Development -an international body consisting of 34 member nations that seek to achieve the collective goals of economic prosperity, stability and nation-to nation support

SOE- state operated enterprises- Corporations that are backed, and thus given an advantage, by the government

IIPA- International Intellectual Property Alliance- A private sector coalition of trade associations that represent U.S. copyright-based industries.

PNTR- Permanent Normal Trade Relations- Beneficial terms of trade prevented by Jackson-Vanik Amendment.

MFNC- Most Favored Nation Condition- prevents one member from denying another member the opportunity to receive the most favorable trade policies that it grants to any other member.

SPS- Sanitary Protections- Protectionist policy enacted by Russia to prevent higher levels of meat imports from U.S.



## Arms Control and International Security

### **Critical Issues**

Negotiations between the United States and Russia regarding non-proliferation, weapons reductions, and bilateral security policy have long been characterized as slow to progress, and lacking initiative. However, in recent years, especially under the Obama administration, a renewed commitment to improving our relationship has led to significant progress regarding securing global nuclear stockpiles and increasing transparency. While policy differences continue to arise, the U.S. and Russia are no longer adversaries, and the opportunity for cooperation has never been more apparent and ready than in the present.

We have long been working towards the goals of nuclear non-proliferation, arms reductions, and military security and compliance, but this recent renewal of efforts is in large part due to shifting priorities in the international security environment. While the primary threat during the Cold War, and for years to follow, was global nuclear war, the Obama administration has made it clear that "today's most immediate and extreme danger is nuclear terrorism."<sup>1</sup>

The Obama administration has accordingly placed the prevention of nuclear terrorism and proliferation at the top of U.S. policy agenda, as it is crucial to the safety of the United States, our allies, and the international community at large. Some notable steps taken have been the negotiation and ratification of a New Strategic Arms Reduction Treaty (START) in 2010 that redefined and focused our arms reductions goals; and the 2010 Nuclear Security Summit in which we committed to transparency and emphasized our need to work together to secure nuclear materials.

However, much work remains for the U.S. and Russia regarding these monumental issues. There are still various treaties that would immensely improve international nuclear security that

have not been ratified, and missile defense remains a highly contentious issue as it is viewed by Russia as a threat to their strategic deterrent.

The arms control and international security subcommittee has focused on four areas, in which it presents specific ways to accomplish the more general goals of U.S. security policy; (1) non-proliferation, (2) pursuing deeper weapons reductions, (3) preventing nuclear terrorism, and (4) military security and cooperation. First, we analyze the Non-Proliferation Treaty and suggest how its language can be more strict and concise. We also emphasize the need for the ratification of the Fissile Material Cut-off Treaty and the Comprehensive Test-Ban Treaty to further the goals of the NPT.

Second, we point out the importance of preserving the New START, as well as accomplishing the difficult but necessary task of tactical nuclear weapons reductions. Third, we suggest steps for preventing international nuclear terrorism, including creation of a global nuclear detection architecture, refining export controls, and creating awareness, garnering support from the U.S. Congress of the preeminent threats of nuclear terrorism. Finally, we consider the challenges of NATO and Russia relations which are tenuous than in some other areas of our relationship. The U.S. must fully engage Russia in its military and security negotiations to ensure Russia does not feel threatened.

The U.S. has set high goals for nuclear non-proliferation and managing and reducing the threat of international terrorism. We also have high expectations for Russia and the rest of the international community to dedicate their fullest efforts and maintain transparency as we work towards these objectives together. We realize that they will not be achieved easily or quickly. A world of utterly transparent relationships, free of nuclear weapons, and safe from terrorist threats will most likely not be seen in our lifetime. However, it is crucial that concrete steps be taken

today so that preliminary progress can be made towards this goal in the future, and that the United States uphold its commitment to global peace and security.

### **U.S. Interests**

- Pursue measures to revitalize and strengthen the NPT and its goals by:
  - Advocating for the negotiation of the proposed Fissile Material Cutoff Treaty.
  - Establishing consequences for non-compliance to the NPT.
  - Continuing commitment to assist in Russia's disarmament process through the Cooperative Threat Reduction Program.
  - Continuing to pursue ratification of the CTBT and continuing to support (fund) current research on verification and stockpile stewardship.
- Pursue deeper nuclear weapons reductions with Russia by:
  - Continuing to adhere to all requirements of New START and cooperate on Missile Defense to ensure the continuation of New START
  - Pursuing tactical nuclear weapons reductions with Russia
- Take measures to combat international nuclear terrorism threats by:
  - Strengthening multilateral export control regimes
  - Engaging in capacity building for a global nuclear detection architecture and continued assistance to Russia nuclear security efforts
  - Seeking support from home, spreading awareness about the nuclear terrorist threat to advance US-Russia goals of combating nuclear terrorism
- Improve the relationship between Russia and the North Atlantic Treaty Organization by:

- Working with Russia to restore the Conventional Armed Forces in Europe without U.S. support for the ABM Treaty.
- Cooperate with Russia to the fullest extent possible on missile defense
- Re-engage with Russia and promote reciprocity and transparency

### *Revitalizing and strengthening the goals of the NPT*

#### **U.S. Interests**

For the past year the ratification of New START has been the primary focus for the United States and Russia, and with good reason. The creation of an updated treaty to replace the one that was to expire was critical. However, while we are striving towards our goal of reducing our stocks of nuclear weapons, we must not neglect our responsibilities under the NPT to prevent the spread of current weapons and technology.

The NPT covers three main pillars: (1) non-proliferation: nuclear states will not provide nuclear weapons to non-nuclear states, and non-nuclear states in turn will not seek to develop or attain such weapons; (2) the disarmament of nuclear states; (3) and the right for non-nuclear states to continue developing nuclear technology for peaceful, civilian uses.<sup>2</sup> The treaty was signed in Moscow, London, and Washington in 1968, ratified by US President Nixon in 1969, and put into force on March 5, 1970.<sup>3</sup> Since its establishment a review conference has met every five years to assess how well the framework of the treaty is working, and sometimes new "actions" are negotiated to address shortcomings.

However these actions are usually very general. They often reaffirm common goals and needs but do not accomplish much, as it is difficult with any multilateral treaty to create new restrictions or rules that every signatory feels is in its interest. In the last review conference in

spring of 2010 some progress was made in terms of more concrete obligations in disarmament, which were later reaffirmed with the ratification of the New START treaty in December of that year.

However, there are still areas related to the NPT and the non-proliferation regime in general which can be improved. Our four main concerns are as follows: (1) While signatories of the NPT have agreed not to distribute fissile materials to non-nuclear states, these materials are still being produced and are at risk of landing in the wrong hands. If our goal is to move towards nuclear disarmament, there should be no need for continued production of fissile materials outside of the designated non-nuclear uses, and we must establish a verified international treaty that will halt all such production.

(2) The NPT does not have strict enough language with regards to consequences for non-compliance. Signatories can get away with breaking the rules, endangering mutual security, because they do not risk being held accountable under the treaty. (3) The Cooperative Threat Reduction program (CTR) in Russia has been very successful in the disarmament of former Soviet Union states. We must ensure that this program continues to be a top priority so that desired nuclear stockpile reductions will be reached by 2018. (4) The U.S. has not yet ratified the Comprehensive Test Ban Treaty (CTBT). In the past there has been a lack of confidence in the verification regime created, and the Senate feared that the United States could not adequately maintain its nuclear stockpile if nuclear testing was completely prohibited.

## Critical Issues and Recommendations

- Advocate for the negotiation of a verified Fissile Material Cutoff Treaty to establish a binding international commitment to halt the production of nuclear fissile materials.
  - Work with other signatories of the NPT to develop more strict language with regards consequences for non-compliance.
  - Increase funding for the Cooperative Threat Reduction program to aid Russia in safely speeding up its disarmament efforts to meet the goals of the New START.
  - Continue to pursue ratification of the Comprehensive Test Ban Treaty (CTBT) in the United States to further non-proliferation goals and as a confidence building measure with Russia.
- 
- Advocate for the negotiation of a verified Fissile Material Cutoff Treaty to establish a binding international commitment to halt the production of nuclear fissile materials.

Although not directly a part of the NPT, the negotiation and ratification of a Fissile Material Cutoff Treaty (FMCT) would be a central part of the goals of NPT signatories towards non-proliferation as well as reductions in nuclear arms. Article III, 2(a)(b) of the NPT states that "each State Party to the Treaty undertakes not to provide: (a) source or special fissionable material, or (b) equipment or material especially designed or prepared for the processing, use or production of special fissionable material, to any non-nuclear-weapon State for peaceful purposes."<sup>4</sup>

The non-nuclear state signatories to the NPT have already agreed to not develop fissile materials. Nuclear state signatories have agreed to not distribute fissile material to non-nuclear states, but are still producing such materials. This makes such materials more likely to be

attained by non-nuclear states or even non-state groups, and this poses a threat to every nation's security. The FMCT would create a binding international commitment to more general guidelines that are already established under the NPT to ban the production of nuclear fissile materials.

As the Nuclear Posture Review Report of April 2010 summarizes very clearly, "With or without complete nuclear disarmament, deep cuts in fissile material stocks and strengthened controls are required to support deep cuts of nuclear weaponry, bolster the non-proliferation regime, and prevent nuclear terrorism."<sup>5</sup> It is crucial that while we uphold the standards of the NPT and abide by its rules we are also establishing ways in which we are concretely reducing the risk that nuclear materials will fall into the wrong hands.

After the Cold War, suggestions for an internationally verifiable ban on the production of fissile materials were first brought up by the US at the December 1993 UN General Assembly. US support for such a treaty was a shift in policy as it had previously been against it. The UN recommended its consideration. An Ad Hoc committee was created by the UN Conference on Disarmament (UNCD) in 1995 to negotiate the conditions. Since then, negotiations have been slow and generally more talk than action: The 1995, 2000, and 2010 NPT Review Conferences again emphasized the importance of continued negotiations for an FMCT but little has been done.

The inclusion of a process of verification of compliance in such a treaty has been one of the main disagreements in negotiations between interested parties. In July 2004, the Bush Administration stated that while it still supported FMCT, "it no longer supported including verification measures in such a treaty, as verification "would require an inspection regime so extensive that it could compromise key signatories' core national security interests and so costly that many countries will be hesitant to accept it."<sup>6</sup> This stance brought negotiations to a halt, as

many other countries are in support of a verified treaty. The Obama Administration is now supporting a verifiable treaty but there are still other hindrances.

Another disagreement, specifically between the US and Russia, is which materials to include in the treaty. Under the US draft, the treaty would cover "weapons-usable" Plutonium and Highly Enriched Uranium, in other words a broader range of fissile material. Russia's draft covered a far smaller range of materials, or "weapons-grade", containing more than 90% of two nuclear isotopes, Pu-239 and U-235.<sup>7</sup> No other members of the UNCD have lent support to this more narrow definition.

Many countries are wary of putting their national security at risk by allowing verification, and of allowing their pre-existing stocks of fissile material to be monitored. There are two debated verification methods, a Focused safeguard and a Comprehensive safeguard. The Comprehensive safeguard would put all civilian fuel cycles of the nuclear weapons states under as much supervision by the IAEA as the non-nuclear states. By contrast, under the Focused approach, "safeguards would be applied only on enrichment and reprocessing facilities, and on new fissile material that could be produced in these facilities."<sup>8</sup>

Negotiating a FMCT, as we have already seen in the past, is going to be a very difficult and long process. As a way to commence negotiations again, we recommend that smaller, more attainable steps be taken. One such step is that the treaty starts by suggesting the Focused verification regime. This option is much lower in cost than the more comprehensive verification program and this will significantly reduce discrimination between nuclear and non-nuclear states' responsibilities. This approach does leave more room for violations of the treaty, but it will be more appealing to states who are concerned about verification processes intruding on their national security.

- Work with other signatories of the NPT to develop more strict language with regards consequences for non-compliance.

In the last review conference for the NPT in 2010 there was much emphasis to include stronger language to enforce compliance with the NPT. These efforts were in large part a reaction to the most recent act of non-compliance by Iran. Iran signed the NPT in July 1968 and ratified it in February 1970. Recently it has come to the international community's attention that Iran is developing nuclear energy through the enrichment of plutonium and uranium.

Iran insists that all nuclear materials are being developed to produce electricity and will not be used to create nuclear weapons. In September of 2009 American intelligence agencies concluded that "Iran had created enough nuclear fuel to make a rapid, if risky, sprint for a nuclear weapon."<sup>9</sup> In early 2010, UN nuclear inspectors concluded, based on extensive evidence, that Iran was taking undisclosed activities to develop a nuclear weapon.<sup>10</sup> As these discoveries are made, various members of the international community have been placing sanctions on Iran. Iran has reluctantly agreed to discussions regarding their nuclear program but it can easily drop out if it feels threatened. This shows the lack of force the NPT has to actually see that the recommendations its signatories have agreed to are actually being followed.

Currently the NPT does not include any binding rules for compliance. The most relevant piece of legislation is the UN Security Council Resolution 1887. This resolution was adopted in September of 2009 and "emphasizes that noncompliance with nonproliferation obligations must be brought to the attention of the Security Council."<sup>11</sup> However this resolution still does not bind states to comply with its recommendations, nor those of the NPT.

The International Atomic Energy Agency (IAEA) is responsible for verifying that signatories are in compliance with the treaty safeguards. When a state does not comply with the NPT, the IAEA can only report the case and it is up to the international community to work together through other means. For example, in response to Iran's non-compliance, the US and Russia formed a coalition of nations working together and "insisting that the Islamic Republic of Iran face consequences, because they have continually failed to meet their obligations."<sup>12</sup> These countries are working with the United Nations Security Council to pass strong sanctions on Iran, demonstrating that they will not tolerate actions that ignore the commitments to the NPT and that risk an arms race in a vital region.<sup>13</sup>

A statement by the Obama Administration on the White House Blog regarding the issue portrays how little power the international community has to work with without a legally binding agreement to enforce compliance: "Those nations that follow the rules will find greater security and opportunity. Those nations that refuse to meet their obligations will be isolated, and denied the opportunity that comes with international recognition."<sup>14</sup>

To give the NPT more force so that states in noncompliance will immediately under a zero tolerance policy be held accountable, we recommend that two actions be taken. First, an official definition of what constitutes noncompliance must be determined; for example, it should be considered a noncompliant action if a state denies access to IAEA safeguards verifications. A fair system should also be developed to determine whether such a violation is intentional or not. Second, we must negotiate an NPT resolution that establishes a procedure through which any state found in intentional noncompliance must immediately respond, and that the US will hold them accountable for their actions.

- Increase funding for the Cooperative Threat Reduction program to aid Russia in safely speeding up its disarmament efforts to meet the goals of the New START.

The U.S. and Russia alike have long shown dedication to the Cooperative Threat Reduction Program (CTR, also known as the Nunn-Lugar program) in Russia. Now more than ever we must continue our commitment to this program as we work towards our disarmament goals agreed to under the NPT, and more specifically under the newly ratified START. The CTR program receives funding from the US Congress to "aid in the implementation of arms control agreements [and in] the dismantling and destruction of a number of nuclear weapons and their associated delivery systems."<sup>15</sup> The program shows how well we are capable of working together for our mutual interests. Few programs boast such impressive results as far as carrying out concrete steps towards our NPT goals and New START goals.

As of January 2010, the CTR had dismantled 7,514 nuclear warheads, destroyed 768 intercontinental ballistic missiles and 32 nuclear submarines.<sup>16</sup> Since funding has been consistent in the past few years, and based on the success it has boasted, we believe that with an increase in funding the program can be expanded to further reduce the threat that nuclear weapons pose to our international safety and security.

We have set goals for disarmament under the New START to be met by 2018 for nuclear weapons stocks to be decreased to a total of 3,050 (combined deployed nuclear warheads, deployed and non-deployed ICBM and SLBM launchers, and deployed heavy bombers). While Russia has not published concrete numbers of its stock, it has reaffirmed its commitment to reaching these goals. But it could still use some assistance in two main areas, and this is where increased funding for the CTR will play a large role.

One issue related to the CTR program is trying to safely keep up with the dismantlement of retired weapons. According to a report on global nuclear stockpiles in 2006 published by the Bulletin of Atomic Scientists, because Russia "removed warheads from its deployed and operational forces faster than it could dismantle them, there is a backlog of warheads awaiting dismantlement."<sup>17</sup> Russia might be able to speed up their dismantlement program on their own, but the key word in this recommendation is that they do so *safely*. Here, increased aid will play an important role as it can help provide proper equipment and verify that dismantlement is being carried out in a safe manner. Additionally, the CTR works on providing security enhancements for better threat recognitions at nuclear weapons storage sites.<sup>18</sup>

The second area that would benefit from an expansion of the CTR program is securing nuclear fissile material. While the negotiation of a Fissile Material Cutoff Treaty would be the first step towards halting the production of fissile material, there is still the matter of physically eliminating excess stocks and training personnel how to do so safely.

About \$500 million per year has been budgeted to the CTR program. Since 1991 the program has dismantled over 7,000 warheads with less than two tenths of one percent of the annual U.S. defense budget.<sup>19</sup> As the program increases its responsibilities, its budget must increase accordingly. We recommend that the Obama Administration significantly increase the CTR's budget in the interest of our national security. The program has proven to be very efficient in dismantlement and related projects and its expansion can only further our progress towards reaching the goals set by the NPT.

- Continue to pursue ratification of the CTBT and continue to support current research on verification and stockpile stewardship
- Approve President Obama's FY12 -FY16 budget request for the National Nuclear Security Administration (NNSA) to insure a safe, secure, and effective nuclear arsenal

The Comprehensive Test Ban Treaty (CTBT) prohibits nuclear explosions for all signatory parties. This is a crucial step in non-proliferation efforts, because it is almost impossible to develop new nuclear weapons without testing them. Currently, underground nuclear explosions are permissible because they are not a part of the Limited Test Ban Treaty, which prohibits nuclear explosions underwater, in the atmosphere, and in outer space. To further US non-proliferation goals stated in the 2010 Nuclear Posture Review, demonstrate US commitment to the NPT, as well as improve relations with Russia, the U.S. should continue to pursue the ratification of the CTBT. Although the CTBT was signed by both the US and Russia in 1996, the US has yet to ratify the treaty. Russia, on the other hand, ratified the CTBT in the year 2000.

Entry into force of the CTBT requires 44 states cited in Annex 2 of the treaty to sign. As of 2010, only 3 out of the 44 required states have not signed the treaty, and only 9 (including the U.S.) have not ratified. Many countries that have not yet ratified could be influenced by the ratification of the CTBT in the U.S. If the U.S. were to act as a catalyst for other countries to also ratify the CTBT, it would be a great step towards non-proliferation objectives. Specifically concerning U.S.-Russian relations, it would be a confidence building measure, reassuring Russia that the United States shares many of the same objectives.

In the past, two critical issues have blocked the Senate from ratifying the treaty. First, there was a lack of confidence in the verification regime created by the CTBT. Secondly, the Senate feared that the United States could not adequately maintain its nuclear stockpile if nuclear

testing was completely prohibited.<sup>20</sup> However, there is current evidence that both of these reasons are inadequate to prevent the ratification of the CTBT, especially in the years to come.

Currently, there is an ad hoc committee titled “Review and Update of Technical Issues Related to the Comprehensive Nuclear Test Ban Treaty” dedicated to the objective and scientific assessment of the major arguments against ratification of the CTBT.<sup>21</sup> This is a good step forward, because armed with up-to-date information, the Senate will be more likely to ratify the CTBT. The Senate needs to be aware of the changes in validity of the arguments against ratifying the treaty since 1999.

The verification regime for the CTBT has improved since 1999. The technology is better and verification measures have been installed all over the world. The preparatory commission for the Comprehensive Test Ban Treaty Organization (CTBTO) is charged with creating and implementing a verification regime that will be completely operational by the time the treaty is ratified as well as promoting the CTBT worldwide.<sup>22</sup>

According to the CTBTO website, the verification regime includes: an international monitoring system, international data centre, global communications infrastructure, consultation and clarification, on-site inspections and confidence-building measures. Altogether, “the CTBT’s global alarm system is designed to detect any nuclear explosion conducted on Earth – in the underground, underwater or in the atmosphere.”<sup>23</sup> There are currently 264 certified facilities in 69 locations worldwide, whereas in 1999 none were yet certified.<sup>24</sup> Also, almost 90% of all planned facilities are complete or under construction. Even with the lack of functioning detection facilities in 2000, Russia was able to ratify the treaty confident that the CTBTO would follow through on its plans for the verification regime. Now is the time in the U.S. to ratify,

especially when the verification regime is already working and ready to detect nuclear explosions around the world.



Certified facilities 1999 (above)



Certified facilities 2011 (above)

The second main issue that prevented ratification in 1999 was the Senate's concern over Stockpile Stewardship in the United States. Stockpile Stewardship is a term referring to the

ability to maintain a capable nuclear arsenal without testing.<sup>25</sup> Many argued that if the U.S. could not perform nuclear tests, it could not keep its arsenal safe, secure, and effective. However, the last nuclear test performed by the United States was in 1992<sup>26</sup>, proving that the nuclear weapons arsenal has been kept safe, secure, and effective without testing for almost 20 years. A Council of Foreign Relations task force found that without updating our current system of LEP (Life Extension Programs), our arsenals can be similarly extended for decades.<sup>27</sup> Moreover, the Obama Administration has requested a “five-year FY 12 to FY 16 request of nearly \$65 billion for NNSA which “reflects the President's nuclear security priorities, as well as his commitment to modernize the U.S. nuclear weapons enterprise and sustain a strong nuclear deterrent for the duration of the New START Treaty and beyond.”<sup>28</sup> This will insure that programs such as Stockpile Stewardship receive the funding they need to allow for the ratification of the CTBT.

The CTBT is an important step in non-proliferation goals as well as a strong confidence building measure between the U.S. and Russia. The U.S. should make ratification of the CTBT a priority.

### *Pursuing Deeper Weapons Reductions*

#### **U.S. INTERESTS**

U.S. - Russian relations have been defined by weapons races and reductions since the Cold War. Starting with the Strategic Arms Limitation Talks (SALT) I and SALT II, moving on to the START I and START II treaties, Strategic Offensive Reductions Treaty (SORT) (also known as the Moscow Treaty), and now with the historic New START treaty under the Obama Administration.

These are important accomplishments; however there is more work to be done. The U.S. must 1) make every effort to preserve the New START treaty, and 2) should attempt to negotiate

tactical nuclear weapons reductions. Under New START, there are limits of 1,550 deployed nuclear weapons, lower than any previous treaty. This accomplishment could be threatened by current missile defense plans of the United States and NATO. Therefore, the U.S. and NATO must cooperate with Russia to the fullest extent possible in this area so that Russia does not feel threatened enough to withdraw from New START in response. Also, the U.S. should continue to adhere to all deadlines of New START in order to demonstrate dedication to the treaty.

Tactical nuclear weapons (TNW) reductions will be a difficult but necessary next step in reaching the overarching goal of nuclear zero. To begin the process of negotiations, the U.S. needs to consult with NATO allies about the implications of TNW reductions. Also, as previously stated, close cooperation with Russia concerning missile defense is crucial. Russia will likely not consider any further reductions, especially TNW reductions, if it feels threatened by U.S. and NATO missile defense systems.

## **CRITICAL ISSUES AND RECOMMENDATIONS**

- Maintain ongoing communication with Russia regarding missile defense cooperation to prevent jeopardizing the current New START treaty
- Continue to adhere to all deadlines of New START
- Pursue tactical nuclear weapon reductions with Russia
- Conduct meetings with NATO allies concerning TNW reductions
- Full cooperation with Russia concerning parameters of missile defense
- Clearly define the term “Tactical Nuclear Weapon”

- Maintain ongoing communication with Russia regarding missile defense cooperation to prevent jeopardizing the current New START treaty.
- Continue to adhere to all deadlines of New START

Quick Overview of New START Treaty<sup>29</sup>:

Signed: April 8, 2010, entered into force (Exchange of Instruments of Ratification): February 5, 2011

→ Limits: 1,550 warheads. Warheads on deployed ICBMs and deployed SLBMs count toward this limit and each deployed heavy bomber equipped for nuclear armaments counts as one warhead toward this limit. A combined limit of 800 deployed and non-deployed ICBM launchers, SLBM launchers, and heavy bombers equipped for nuclear armaments. A separate limit of 700 deployed ICBMs, deployed SLBMs, and deployed heavy bombers equipped for nuclear armaments.

→ Verification: through exhibitions, notifications (pertaining to specifications covered by the Treaty), database exchanges (every 6 months), no restraints on Missile Defense and Conventional Strike

→ Terms: 10 years (2021), with possibility of an extension up to 5 years

The New START is a historic accomplishment, permitting the lowest numbers of strategic nuclear weapons of any nuclear weapons reduction treaty to date. Its timely ratification is another step forward for US-Russian relations as well as progress in nonproliferation goals worldwide.

Missile defense is the main issue that will threaten the success of the New START treaty. While the Obama administration and NATO embrace missile defense programs in Europe as

well as the US, Russia maintains the position that missile defense is a threat to their strategic nuclear deterrent, and could be grounds for withdrawal from New START. Although the U.S. and NATO have clearly stated that their missile defense programs are aimed at threats from North Korea and Iran, Russian officials insist that missile defense could pose a significant threat to their security.<sup>30</sup> The issue of missile defense is unlikely to be an immediate threat to Russia's participation in the treaty, because it was signed and ratified with Russia's full understanding of the continuation of missile defense programs. However, long term, missile defense could become problematic for New START.

Missile defense cooperation between the US, Russia, and NATO will improve relations between the US and Russia and work to ensure the continuation of New START.

- Pursue tactical nuclear weapon reductions with Russia
- Conduct meetings with NATO allies concerning TNW reductions
- Full cooperation with Russia concerning missile defense
- Clearly define the term "Tactical Nuclear Weapon"

While New START addresses the issue of strategic nuclear weapons reductions, tactical nuclear weapons reductions (TNW) have yet to be negotiated. President Obama has made clear his desire to pursue tactical nuclear weapons reductions by 2012, which the Senate demanded before ratifying New START.<sup>31</sup> There are many reasons why tactical nuclear weapons reductions would be beneficial to the United States, therefore this commission recommends that the U.S. pursue TNW reductions with Russia.

Tactical -or non-strategic- nuclear weapons reductions would serve U.S. interests by 1) demonstrating US commitment to the Nuclear Non-Proliferation Treaty (NPT) and general non-proliferation objectives; 2) building on New START and continue to improve U.S.- Russian relations; and 3) increasing international security by allowing fewer of the most portable and dangerous weapons (as well as less fissile material) to exist with potential to be misdirected or stolen.

According to the Nuclear Posture Review (NPR) 2010, the U.S. must take “concrete steps” today in order to work towards the goal of a world without nuclear weapons.<sup>32</sup> Building on the New START treaty, TNW reductions are another step in the right direction. Also, the NPR 2010 states that preventing nuclear terrorism is a top concern. If there are fewer nuclear weapons in the world as well as less fissile material, it will be harder for a terrorist organization to carry out a devastating nuclear attack.

The main concerns for the U.S. concerning tactical nuclear weapons reductions are national security and extended deterrence for allies. Will the U.S. become less secure without deployed tactical nuclear weapons? Can the U.S. assure allies protection and equal deterrence power without TNW? Fortunately, the U.S. contains a sufficient conventional force as well as strategic nuclear arsenal to maintain the same level of security. TNW have become a militarily useless deployed tool, and it is time to negotiate their reduction or complete withdrawal to benefit security worldwide.

#### *Utility of Tactical Nuclear Weapons for the United States*

Technically, there are two types of nuclear weapons: strategic and tactical. Strategic nuclear weapons are meant for widespread destruction of infrastructure and people, while tactical

nuclear weapons have considerably lower yields and are meant for specific ‘battlefield’ use.<sup>33</sup> However, even supposedly ‘low yield’ nuclear weapons can have up to a yield of up to 1 megaton.<sup>34</sup> Comparatively, the bomb that was dropped onto Hiroshima was 12.5 kilotons.<sup>35</sup> Even tactical nuclear weapons can cause unimaginable destruction.

Considering the capability of U.S. conventional weapons, situations that call for the need to deploy tactical nuclear weapons are slim to none. As of now, the only imagined scenario where a tactical nuclear weapon would be necessary to destroy a vital target would be in the form of an Earth Penetrating Weapon (EPW) needed to reach a Hard and Deeply Buried Target (HDBT).<sup>36</sup> This would be a situation where conventional weapons could not penetrate the earth far enough to destroy underground vital targets.

However, of all the known HDBTs, only a fraction of them are vital to U.S. security, and it is unknown whether tactical nuclear weapons could successfully destroy them - only more likely.<sup>37</sup> As Glasser and Fetter point out in their article *Counterforce Revisited*, “Although we can imagine situations in which nuclear counterforce provides benefits, it may be that there are no realistic scenarios in which employing nuclear weapons would be the best option”.<sup>38</sup> The practical, applicable use of nuclear weapons - tactical or not - is questionable at best.

Clearly, there are many disadvantages to using nuclear weapons, even low-yield tactical ones. The use of even ‘small’ nuclear weapons to attempt to destroy a target would initiate (or reinitiate, in light of 1945) the view that nuclear weapons are operational and acceptable to use in the battlefield.<sup>39</sup> Unlike 1945, the United States does not have a nuclear weapons monopoly. No one could predict how far this initial use would escalate - other countries that feel threatened may feel more inclined to use nuclear weapons, or even feel that they need to acquire them for their own security.

Other questions would arise from ‘tactical’ use: How high of a yield is acceptable to use? Would international norms of nuclear ‘usability’ need to be established, or could they even be established? Or, would international and multilateral organizations lash out, condemning U.S. action as unethical or even evil? Tactical use could especially strengthen the view of the U.S. as imperialist, creating even more enemies. Moreover, nuclear non-proliferation objectives would be instantly sacrificed. The disadvantages of tactical use of nuclear weapons would likely outweigh any advantages.

Despite the possession and maintenance of nuclear weapons by nuclear weapons states, no nuclear weapon has been used since World War II and they are considered to be an extreme last resort option. Thus, although not explicitly stated as a general policy<sup>40</sup> by the US, at this point in time nuclear weapons’ only realistically applicable purpose is to deter other nuclear weapons states from nuclear attack.

Accordingly, the possible utility of tactical nuclear weapons has become obsolete. Therefore, the U.S. will make no sacrifice to its national security by reducing TNW, since it maintains a more than adequate supply of strategic nuclear weapons to preserve its strategic deterrence, as well as keep its security commitments to NATO allies.

### *Russian TNW*

The same cannot be said for Russia. TNW reductions will be difficult to negotiate because Russia possesses thousands more TNW than the U.S. It is estimated that the U.S. has around 500 deployed tactical nuclear weapons, while Russia has around 2,000.<sup>41</sup> Moreover, the U.S. has another 600 non-deployed TNW, and some analysts estimate Russia having up to 6,000 stored TNW.<sup>42</sup> Therefore, most of the reductions would have to come from Russia. This is a

difficult task, especially when Russia feels threatened by the U.S.'s increasingly advanced conventional weapon force.

Russian military policy allows the use of nuclear weapons in the case of a nuclear or other WMD attack against Russia. It also states that nuclear weapons may be used “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>43</sup> This last statement is to compensate for the superior conventional forces of NATO and the U.S.

### *Negotiating TNW Reductions*

The definition of a “Tactical Nuclear Weapon” must be made clear, and agreed upon between the U.S. and Russia before reductions are possible. There is currently no set definition, however most experts agree that TNW have shorter range delivery systems, lower yield warheads, and are more adept for battlefield use.<sup>44</sup> Therefore, specific delivery systems, yield ranges, and definitions of ‘battlefield use’ must be agreed upon in order to move forward.

There are considerable roadblocks to overcome to achieve success in TNW negotiations, the most prominent being missile defense. U.S. policy maintains that missile defense will not be discussed during such negotiations.<sup>45</sup> However, without close cooperation and possibly some outside negotiations on missile defense between Russia, the U.S., and NATO, it is unlikely that tactical nuclear weapons reductions will move forward. The U.S. needs to make sure Russia feels like a full partner in missile defense plans, and are not just given information on a need to know, last minute basis.

There are diverging opinions about how to go about negotiating reductions in TNW. One report by the Council of Foreign Affairs argues that tactical reductions should be in the context of overall further weapons reductions. If, the report argued, the US and Russia agreed to an

overall limit of 1,000 nuclear weapons - tactical and strategic - then each country could decide which percentage of their deployed force would be strategic and which would be tactical.<sup>46</sup>

Another option, and one which this commission advocates for, is pursuing separate tactical nuclear weapons reductions. Although 1,000 total deployed nuclear weapons for the U.S and Russia is a good goal, it is unlikely to get support from Russia in the immediate future. Since Russia has more than three times as many deployed tactical weapons, it is questionable at best if Russia would even consider cutting its force so drastically. Instead, a separate treaty should be negotiated, possibly by reducing a certain percentage of each countries' deployed TNW forces in a phased approach. Only after significant reductions are made, especially by Russia, would a total deployed limit of 1,000 nuclear weapons be seriously considered.

The U.S. must also consider carefully the concerns of its NATO allies in reducing TNW. If the current deployed TNW in Europe are on the table to be reduced, the first steps toward such negotiations for the U.S. will be holding regular meetings with NATO allies to discuss the implications of such reductions. The U.S. must assure its NATO allies that there will be no loss of deterrence, and that it remains committed to defending its allies with its superior conventional forces.

### *Preventing Nuclear Terrorism*

#### **U.S. INTERESTS**

One of the most pressing challenges the world will have to face in the 21<sup>st</sup> century is the threat of nuclear warfare, not between sovereign states, but by non-state, terrorist actors on sovereign states. It has become clear that weapons control and compliance is in the interest of all states, and that the United States, along with the Russian Federation, must lead an aggressive global campaign to secure nuclear materials from reaching the hands of terrorists.

The administrations of the US and Russia have established both the U.S.-Russia Initiative to Prevent Nuclear Terrorism as well as the Global Initiative to Combat Nuclear Terrorism in 2006, which has a convening body of 86 countries. Although the initiative is non-binding, the participation of these countries highlights a commitment to and enthusiasm for addressing the threat of nuclear terrorism. One of the most notable steps in this process was the Nuclear Security Summit held on April 2010 in Washington, DC which was an unprecedented meeting of 47 governments who committed to Obama's agenda "to secure vulnerable nuclear material around the world within four years, calling the danger of a terrorist acquiring nuclear weapons "the most immediate and extreme threat to global security." It's clear that there is a level of cooperation among world governments. However the current structure of nuclear security regimes needs strengthening through proper enforcement mechanisms as well as practical solutions for countries without proper technologies or means to abide by the regulations put in place by the NPT, NSG, and other policy regimes. .

## **CRITICAL ISSUES AND RECOMMENDATIONS**

- Strengthen multilateral export control regimes
- Engage in capacity building for a global nuclear detection architecture and continued assistance to Russia nuclear security efforts
- Seek support from home, spreading awareness about nuclear terrorist threat to advance US-Russia goal of combating nuclear terrorism.

- Strengthening multilateral export control regimes

Export controls have a number of uses that have served US national security and foreign policy interests, as well as protection of domestic industries. Both unilateral and multilateral efforts play crucial roles in safeguarding technologies and materials related to weapons production and proliferation. However, unilateral export controls alone are an unsustainable method of advancing US national security and foreign policy interests, if it is not complemented by strong multilateral export regimes and cooperation from other states. We know that advanced technologies, and expertise as well as highly enriched uranium and plutonium exist in various countries. In the 21<sup>st</sup> century, it is ill-advised to assume that the United States has a stronghold on these components; therefore it is pertinent to engage governments in strengthening multilateral export control regimes for national and global security interests.

The chief multilateral regime for the control of exports related to nuclear weapons capabilities is the Nuclear Suppliers Group, which involves 46 members. The NSG is responsible for controlling the list of items related to the manufacture of nuclear weapons, including the materials and equipment, which require licensing in order to be exported from the member states.

*Strengthening of the NSG will require the following:*

First, a concrete mechanism for enforcement of export controls is needed. At the root, export controls, and non-proliferation in general, must have national administration and enforcement systems, which becomes problematic if countries either do not have the capability to be effective in complying, or do not have the desire or commitment to do so (as in the cases of Libya, North Korea, Pakistan and others in the last 10 years).

Because export controls are not legally binding, countries are theoretically volunteering in export control regimes and their participation is merely diplomatic. A mechanism for the NSG and other regimes to strictly hold members accountable to comply with licensing guidelines, as well as share information, and penalize member states must be sought by the United States.

The US can also encourage export control compliance through expanding the Export Control and Related Border Security program, a robust program that currently provides training and capacity building for Russia and other former Soviet states to other regions and especially to countries with risk who do not participate in the NSG—including India, Pakistan, and much of the Central Asian region.

- Engage in capacity building for a global nuclear detection architecture and continued assistance to Russia nuclear security efforts

In the effort to sustain nuclear deterrence, the US government defines both a first and second line defense. The second line includes “detecting smuggled material, recovering lost material, identifying materials’ origins, and punitive measures for those who are engaging in nuclear smuggling.” Several different federal and state agencies are involved in this method, a central one being the Domestic Nuclear Detection Office (DNDO), which was established in 2006 under the Department of Homeland Security.

The specific goal of the DNDO is to “develop a global nuclear detection architecture” with the intentions of not only synchronizing nuclear threat detection and deterrence efforts within the numerous US federal agencies involved in these efforts, but also to create a well-organized system for world governments to tap into a sophisticated information and intelligence network.

*Provide technological and infrastructural assistance to Russia and other countries with nuclear capabilities*

Additionally, a key program of the US's global assistance efforts is the Second Line of Defense Program, primarily based in Russia which equips airports, sea ports, and transit areas at border point with advanced technology to detect nuclear and radiological materials trafficking as well as training personnel on the ground.

The SLD program has several benefits. It identifies key entry and exit points in the region and has managed to actually have an outstanding reach across Russia. Secondly, it is a tangible tactic of reducing and detecting nuclear materials where illicit materials can be transferred. It also offers a sense of sustainability in that the program seeks to train and strengthen Russian capabilities to sustain nuclear deterrence. However, there have also been concerns that the program may be too narrowly focused. It covers conventional routes of transport, but smugglers might more readily find alternative routes of passage. Moreover, its narrow focus and limited information sharing with other agencies speaks to the overall compartmentalized nature of the US nuclear security strategy.

We recommend the Obama Administration continue with the SLD program in Russia, increase training and continue to update detection equipment at key transit points with advanced technology.

- Implement cohesive and streamlined global intelligence network that involves a robust global nuclear detection architecture

In conjunction with strengthening the SLD program, the DNDO must be provided with additional support and fervor to advance its objective of creating a global nuclear detection architecture to advance the Obama administration's plan of securing nuclear materials and

preventing nuclear terrorism. This should include a timetable for progress in its implementation. The Congressional Research Service describes the idea of a global nuclear detection architecture as having “the use of sensor data to inform decision-makers, effective reaction to a detection event, and interdiction of the detected nuclear or radiological material.”

The State Department stresses its ability to “rapidly share” intelligence when illegal trafficking occurs in a given state and identify subversive entities involved in illegal trafficking of nuclear materials. It’s important to advance this effort not only within federal agencies, but with the international community, to streamline efforts to combat nuclear terrorism for efficiency and efficacy.

- Seek support from home, spreading awareness about nuclear terrorist threat to advance US-Russia goal of combating nuclear terrorism

In order to advance President Obama’s overall nuclear security strategy and strengthen US-Russian cooperation efforts, Congress must support the programs outlined as a result of the Nuclear Security Summit. Although the Obama administration has been active and diligent in pushing for a viable, global nuclear security strategy, an important aspect for advancing these policies and programs is funding. The US and Russia have collaborated on this effort in a number of ways, but without Congressional budgetary support, we may not be able to advance our goals at an acceptable pace.

We must educate and communicate to the American public about several things. One is that in midst of the current economic climate, nuclear security and the threat of nongovernmental and subversive groups acquiring nuclear capabilities should not be ignored. As the Obama

administration and Medvedev administration have both expressed, the goal of nuclear nonproliferation must be achieved through a global collective effort. The support and understanding of the American people, and ordinary citizens around the world is part of that effort. The economic downturn has prompted policies that aim to cut the federal expenditures, but in the midst of these budget cuts, it is important to realize that the priority of nuclear security remains and that both on a public and governmental level, funding for the advancement of nuclear security strategies does not experience reductions.

Congressional support is key in advancing Obama administration plans for preventing nuclear terrorism and securing nuclear material. Unfortunately, the Obama administration has been relatively unsuccessful thus far, with major cuts and lack of funding to vital programs outlined in the Continuing Resolution (CR), as proposed by the House of Representatives. On a national level, it behooves the Obama administration to communicate not only to Congress, but to the media and the public on the significance of their four year nuclear security strategy. Accordingly, the US and Russia can work together to emphasize the precedence of nuclear security to the world's governments and their respective citizenries.

## *Military and Security Cooperation*

### **U.S. INTERESTS**

The military and security relationship between the United States and the Russian Federation is paramount. NATO, being central to the political interaction of the member European countries, is devoted to maintaining stability. NATO has served the interests of the United States and Western Europe and has promoted deterrence of war through collective military cooperation. Moreover, NATO anchors the US in Europe and is an institution of shared interests and values like democracy and peace. The United States, being one of the founders of NATO, in addition to the largest and most influential member, has played a key role in NATO's conflict with Russia a conflict which should come to an end.

The recommendations outlined above provide methods to ameliorating Russian-American relations. Although Russia's power has decreased since the fall of the Soviet Union, it is still vital to global security that Russia be re-engaged in order to promote and maintain peace and a steady regional balance of power. Although critical differences such as the expansion of NATO and the future of missile defense are points of contention, measures such as increased transparency should be implemented to ease that tension. Critical to the success of cooperative security is American leadership, strengthening our relationship with other countries, and engaging with other countries to address the universal problems of our time.

### **Critical Issues and Recommendations**

- Improve the relationship between Russia and NATO
- Continue to work bilaterally with Russia, in addition to multilaterally with NATO

- Work with Russia to restore the Conventional Force in Europe (CFE Treaty) without U.S. support for the ABM Treaty.
- Cooperate with Russia to the fullest extent possible on missile defense
- Re-engage with Russia and promote reciprocity and transparency

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- Improve the relationship between Russia and NATO

NATO was formed in April 1949, as a means to counteract the Soviet Union and their military alliance, the Warsaw Pact. The objective of NATO since its inception and maintained to this day has been to preserve the security of the member states through mutual security guarantees and commitments. NATO is a transatlantic treaty that has linked the security of Europe with that of the North America.

Originally, its membership list included the United States, the United Kingdom, Canada, Belgium, Denmark, France, Iceland, Italy, Portugal, Norway, and the Netherlands. Greece and Turkey joined in 1952, W. Germany in 1955; Spain in 1982; Poland, Hungary and the Czech Republic in 1999; Slovenia, Slovakia, Romania, Bulgaria, Latvia, and Estonia in 2004; and lastly Albania and Croatia in 2009. NATO is composed of a Council, an International Secretariat, the Supreme Headquarters Allied Powers, Supreme Headquarters Allied Powers Europe (SHAPE), and various committees. The alliance was formed to be a vanguard against Russian communism, antagonism and expansion. It was a treaty of mutual self-defense and cooperation.

The end of the Cold War marked a great shift in power structures and resulted in the emergence of new political systems. Along with the fall of the Berlin Wall, the world witnessed

the fall of the Soviet Union, resulting in the existence of newly independent Eastern European countries and the termination of the Warsaw Pact in 1991.

The world has changed greatly since then and the composition of the international security environment has reflected that change. Prior to the fall of the Berlin Wall, NATO dealt exclusively with the threat of the Soviet Union. It has modified itself from solely being concerned with the potential attacks between the two blocs to more transnational threats such as international terrorism. Upon the collapse of the Soviet Union in 1991, NATO sought to build new relationships with the former Warsaw Pact countries, including Russia.<sup>47</sup> The objective of post-Cold War NATO is to promote cooperative security with the creation of programs such as the Partnership for Peace (PfP). These measures provide a means for the former Soviet bloc members to be involved and engaged in defense and security cooperation.

Cooperation with NATO and the larger European Union community is critical to the success and stability of Russia. The NATO-Russia Council (NRC) involves the collaboration of twenty-eight NATO allies and Russia regarding security issues that impact the collective majority. The following issues are approved and sponsored by the NRC at the Lisbon Summit as Common Security Challenges: “Afghanistan, terrorism, piracy, the proliferation of weapons of mass destruction and their means of delivery, as well as natural and man-made disasters. Practical cooperation is being developed in each area”.<sup>48</sup> The NATO-Russia Council is critical to the exchange of ideas, and the development of joint policies and programs.<sup>49</sup> An important achievement of the NATO-Russia Council was the cooperation of Russia in the war in Afghanistan and cooperation against terrorism.

- Continue to work bilaterally with Russia, in addition to multilaterally with NATO

The United States National Security Strategy of May 2010, recognizes that NATO is “the preeminent security alliance in the world today. With our twenty-seven NATO allies, and the many partners with which NATO cooperates, we will strengthen our collective ability to promote security, deter vital threats, and defend our people. NATO’s new Strategic Concept will provide an opportunity to revitalize and reform the Alliance. We are committed to ensuring that NATO is able to address the full range of 21<sup>st</sup> century challenges, while serving as foundation of European security. And we will continue to anchor our commitment in Article V, which is fundamental to our collective security.”<sup>50</sup> In addition to this multilateral approach, it is important for the United States to negotiate with Russia bilaterally.

Lingering post-Cold War tension between Russia and the United States is a reality nearly two decades later. Until recently, the Russian Federation and the United States viewed each other as “primary security threats.”<sup>51</sup> The Obama administration has initiated efforts to improve the relationship between the two countries and “reset” their relationship. At a Joint Press Conference on June 24, 2010, President Obama and President Medvedev of Russia confirmed their new-found willingness to come together and work on issues of common interest. This new approach to bilateral ties between the two countries demonstrates the United States commitment to preventing the isolation of Russia. The US will work to create a new environment for more trust.

- Work with Russia to restore the Conventional Armed Forces in Europe (CFE Treaty) without U.S. support for the ABM Treaty

Although the Cold War rivalry and struggle for superpower status has long ended, Russian-American relations are still tense. This tension is further exacerbated with the potential for NATO expansion. The expansion of NATO is problematic to Russia because there is a

widespread understanding that Russia is unlikely to be a full alliance member of NATO, and the NATO-Russia relationship is strained due to issues regarding the possible eventual inclusion of Georgia and Ukraine into NATO.

Moreover, expansion and any other alliance military operation that excludes Russia are viewed by Russia as a potential threat. In addition to NATO expansion, U.S.-Russian relations remain tense due to “differences regarding the Conventional Forces in Europe (CFE) Treaty...and basing plans for US nuclear weapons in Europe”.<sup>52</sup>

Ballistic missile defense is one of the contentious issues where the United States and the Russian Federation clearly do not see eye to eye. It is unlikely that the United States will accept formal limits on ballistic missile defense. On December 13, 2001, President Bush officially withdrew the United States from the 1972 Anti-Ballistic Missile Treaty, citing that the “ABM Treaty hinders our government’s ability to develop ways to protect our people from future terrorists or rogue state missile attacks.”<sup>53</sup>

Moreover, the members of the North Atlantic Treaty Organization have approved President Obama’s proposal for an expanded missile defense system for Europe.<sup>54</sup> The Russian Federation discontinued its observance of the Conventional Forces in Europe Treaty on December 2007 as a result in part of NATO’s expanded missile defense plans. The CFE treaty had been signed and ratified by the then sixteen members of NATO and the eight former Warsaw Pact states on November 1990.<sup>55</sup> The Conventional Forces in Europe Treaty sought to establish “limits on the number of conventional military hardware deployed in Europe, required substantial reductions in conventional arsenals, and created an intrusive regime of inspections and verification.”<sup>56</sup>

Considering Russia's general hostility towards American missile defense, the missile defense plan that the Obama administration has proposed is better received than that of his predecessor. However, the United States will remain firm in its stance on missile defense. The United States has tried for years to convince Russia that missile defense is not targeted at Russia, but to no avail. Although both NATO and the United States have called for Russia to resume implementation of the CFE Treaty, Russia is firm and its stance has not changed.

- Cooperate with Russia to the fullest extent possible on missile defense
- Continue joint threat assessment meetings between U.S. and Russian officials

As noted earlier, missile defense is currently a contentious issue between the U.S. and Russia. The U.S. and NATO allies feel the need to protect themselves from ballistic missile threats of states such as Iran and North Korea. In response to this type of threat, the George W. Bush administration withdrew from the ABM Treaty and announced plans for new types of missile defenses.

The Obama administration is continuing plans for ballistic missile defense (BMD) although through a different strategy. In September 2009, President Obama proposed a plan to scrap Bush's missile defense plan for one that focuses on protecting European and Arab allies in a different way. According to the Obama administration, the imminent threat is not long-range intercontinental ballistic missiles (ICBMs), but short and medium-range ICBMs.<sup>57</sup> Obama's plan will use short and medium range sea based interceptors as part of the missile defense shield, and will work to develop land based interceptors as well.<sup>58</sup>

The Obama administration's strategy for missile defense in Europe is called the "Phased Adaptive Approach" (PAA). It is a ten year plan in which interceptors will be placed in Europe

in four stages. This strategy, like others, depends on confidence in unproven technologies and funding from Congress to support them.<sup>59</sup> The first two phases of the PAA are not a cause of concern for Russia. However, the completion of the last two phases, aimed for the years 2018 and 2020, are more worrisome. These last two phases (planned with unproven technology) promise to create faster and more capable interceptors, as well as placing some in Poland to “protect the entire land mass of Europe”.<sup>60</sup> Russia is concerned that these last two phases could affect their strategic nuclear deterrent.

Although both the Bush and Obama administrations attempted to take Russian political and military concerns into account, Russia continues to feel threatened by possible developments in BMD technology. Russia is concerned that U.S. missile defenses will develop “quantitatively or qualitatively” enough to threaten its nuclear strategic deterrent.<sup>61</sup> Many scientists and analysts counter Russian concern, and agree that missile defense will never reach the point of disrupting the strategic nuclear deterrent. The Bulletin of the Atomic Scientists states that “defenses against nuclear armed, long range ballistic missiles will never be effective enough, and militaries will never trust them enough, to fundamentally affect nuclear deterrence.”<sup>62</sup>

Obama eased some tensions between Russia and the United States by scrapping Bush’s plan for missile defense and deciding against placing interceptors in Poland and radar in the Czech Republic in the near future. The administration is also pursuing joint missile defense research with Russia to promote further cooperation. However, the Obama administration’s missile defense plan calls for hundreds more interceptors than the Bush administration’s strategy, which is an additional concern for Russia.

Another point of contention between the U.S. and Russia is diverging opinions concerning the actual threat of Iran’s nuclear program and missile capabilities. Many Russian

officials believe that the threat from Iran is overstated by the U.S. and NATO, and see it as a way for the U.S. to encroach on Russian influence within countries near or on its border.<sup>63</sup> To counter these opinions, the Obama administration has conducted rounds of joint threat assessments about Iran with U.S. and Russian experts. These joint threat assessments are a good step in cooperation and should be continued in the future.

The U.S. should continue to cooperate with Russia concerning missile defense. Many other issues depend on this cooperation: the Conventional Forces Treaty, continuation of the New START, and tactical weapons reductions just to name a few. It is in the United States' best interest to assure Russia that their strategic nuclear deterrent will not be affected by missile defense, and to achieve this goal bilateral cooperation in the fullest extent possible is necessary.

- Re-engage with Russia and promote reciprocity and transparency

It is only with both multilateral and bilateral means that the U.S-Russian relationship and that of NATO-Russia ties will strengthen. Regarding security, both the United States and Russia have shared interests in global security and security/defense cooperation can help achieve those goals. Cooperative security is both realistic and effective in terms of serving its security needs.

Through the collaboration of NATO alliance members and their partners, regional security is possible. NATO, according to the US State Department remains “the pillar of European security”, and cooperation with NATO and with it the Partnership for Peace work together with an agenda that includes “counterterrorism, cooperation, control of the spread of weapons of mass destruction, border security regional European challenges, and new threats”.<sup>64</sup> This is largely possible, due to the shift of NATO's focus. Prior to the fall of the Berlin Wall, NATO's sole purpose was to act, as a safeguard from possible

attack from the Soviet Union. However, now that the Cold War has ended, there has been a shift towards cooperative security.

Cooperative security, unlike the previous Cold War environment of mutually assured destruction and fear, seeks a more positive approach to security. It is the “commitment to regulate the size, technical composition, investment patterns, and operational practices of all military forces by mutual consent for mutual benefit”<sup>65</sup>. Russia and the United States share the same interests when it comes to global security issues, especially in the global war on terror and limiting weapons of mass destruction.

In fact, the Russian and American militaries have combined forces on several joint operations, notably in Yugoslavia<sup>66</sup>. Recent talks between Defense Secretary Robert M. Gates and Russian Defense Minister Anatoliy Serdyukov resumed discussions related to military-to-military relations and reinstated bilateral military exercises and troop exchange programs at a U.S. Army noncommissioned officer school in Germany<sup>67</sup>. These talks re-establish military ties, which were previously put on hold during the invasion of Georgia by Russia in 2008. Important issues discussed during this meeting include the implementation of the Conventional Armed Forces in Europe Treaty, Iran, U.S. missile defense system in Europe, and a new Russian-U.S. arms reduction treaty.<sup>68</sup>

### *Increasing Transparency between Russia and the United States*

Transparency is important because it allows for accountability and full disclosure. “Resetting” the relationship with the Russian Federation is an excellent first step towards increasing transparency between Russia and the United States. Shedding past grievances and

obstacles in an effort to work together and seek common ground is necessary to moving forward in improving bilateral ties. The United States should encourage accountability by committing to cooperative behavior and recognize the efforts of the Russian Federation. A new and improved U.S.-Russian strategic relationship is only possible through transparency and monitoring measures.

It is only through multilateral and bilateral means, as well as efforts to increase transparency that the U.S-Russian relationship and that of NATO-Russia ties will strengthen. Security. Both the United States and Russia have shared interests in global security and security/defense cooperation can help achieve those goals.

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## **Business Development and Economic Relations**

### **Critical Issues**

The US-Russia Bilateral Presidential Commission, among other things, seeks to cultivate a healthy trade and business relationship between the two nations. Russia, with a sizable consumer class, is beginning to develop high-tech industries. This BRIC (Brazil, Russia, India, China) country is predicted to be a major player for international business and trade. The U.S. should take advantage of the common industries such as auto, computers, energy, etc. However many obstacles exist in the US-Russian trade relationship. It has been highly politicized as a result of diverging interests with regard to nuclear security and Russia's abuse of human rights.

The US must take advantage of Russia as a growing market without undermining the principles of democracy, freedom and human rights. The inclusion of Russia into the international economic arena and the brokering of healthy trade relations are critical to the betterment of US-Russian bilateral relationship as a whole. The promotion of free trade will result in the perpetuation of these freedoms as positive economic growth often equals positive sentiments in other areas.

Yet, Russia's tendency toward irrational protectionist policies is worrisome for many US export industries to Russia, such as meat and poultry products. Inconsistencies in legal regulations and lack of enforcement of copyright infringement and protection of intellectual property as well as overall corruption and blurred lines between public and private ownership is also a problem for U.S. companies that seek to invest directly in Russian businesses. Under Russian law, the Russian government is also allowed to

expropriate any business in Russia; a major factor in deterring foreign owned companies from investing in Russia. Instead, many foreign companies trade with Russia via third party companies located in other countries as means to avoid having to directly deal with the Russian bureaucracy to avoid the high tariffs and taxes and the overall risk and instability of doing business directly in or with Russia.

Nonetheless the Russian economy, in deep need of foreign direct investment (FDI) would gain great benefits from reforming their business environment and integrating themselves into the world economy. In order for the U.S. to benefit from trade with Russia, it must facilitate its membership in international organizations, such as the World Trade Organization and the Organization for Economic Cooperation and Development and utilize smaller organizations such as the U.S. Trade and Development Agency and the Overseas Private Investment Corporation to create business contacts on a smaller scale.

Bilateral trade will not only mutually benefit the two economies, but it will also facilitate person-to-person contact, which will reduce anti-American sentiment and negative stereotypes of the other. Likewise, incorporating Russia into the global community will reinforce the message that we no longer want to exclude or disregard Russia in central international trade discussions. Acceptance into international institutions will also hold Russia accountable to international standards of trade and business practices, as well as human rights and foreign policy.

Lastly, trade should no longer be used as a weapon held against Russia for bad behavior, but as a forum of mutual understanding and benefit. Freeing Russia from the

Jackson-Vanik Amendment will hardly change policy, yet it will send a message that the U.S. is ready to commit to pressing the “reset” button and moving on from Cold War ideological disputes. Differences in culture and ideology, business practices, and Cold War history cannot be resolved overnight. For a successful, bilateral trade relationship, both the US and Russia must be realistic yet committed to the achievement of the following goals.

### **US Interests**

- Pressure Russia to liberalize their work visa policy as a condition to WTO membership.
- Insist that Russia remove vagaries in its trade regulations in order to get off the 301-report list. This must be a prerequisite of WTO accession.
- The Immigration and Customs Enforcement (ICE) sub-department of the US Department of Homeland Security should seize domain names associated with intellectual property right piracy and counterfeiting.
- As a condition to WTO accession, the US should suggest that Russia abolish the RAS accounting system and convert entirely over to the International (IFRS) system.
- Promote a more independent judiciary that can stand up against large-scale corruption and racketeering that currently exists at high levels compared to other countries in the region and other transitional economies.

- Pressure Russia to liberalize their work visa policy as a condition to WTO membership.
- Work with Russian treasury officials towards building a more flexible exchange rate for the ruble while strengthening the Central Bank of Russia's (CBR) ability to stabilize prices, allowing for a more flexible domestic monetary policy.
- As a condition to WTO accession, the US should suggest that Russia abolish the Russian Accounting System (RAS) and convert entirely over to the International Financial Reporting System (IFRS).
- Train Russian judicial, customs, and info-technology officers.
- Harmonize trade regulations according to international standards by assisting acceptance into international organizations such as the OECD and WTO.
- Graduate Russia from the Jackson-Vanik Amendment and grant them Permanent Normal Trade Relations before Russia accedes to the WTO.
- Encourage US government and non-government international trade institutions to explore FDI in Russia, thereby increasing US exports and US jobs.
- Focus on opportune opportunities, such as metals, aerospace, and IT, to diversify and develop the Russian economy while using this increase in economic interaction with Russia as a tool to strengthen bilateral political ties.

***The stringency of Russian Laws is offset by their non-observance***

***-M. Saltykov-Tchedrin (1826-1889)<sup>1</sup>***

## **US Interests**

The mixing of private enterprise and government has a strong legacy in Russia. Starting with the founding of the Russian civil service by Peter I, prominent Russians began to realize that the keys to success in Russian society required being close to the government, and to work up in the civil service. Unlike Western Europe that was beginning to develop the rule of law, market economics, and natural rights during the late 18<sup>th</sup> century, Catherine the Great was giving massive estates to her countless court favorites.

In the 19<sup>th</sup> century Russian Czars also began to exert strict censorship against Russia's budding literary scene, banishing Alexander Pushkin to the Caucasus and killing many others for their involvement in the Decembrist uprising of 1825. Czars also enforced their laws at will and were in essence above the law, setting a dangerous precedent that has proved hard to change. Finally, the October Revolution finished the process, integrating the economy into the organs of the state. These facts, coupled with the collective Russian identity that was established during the Soviet period, are all a parts of the puzzle when trying to decipher the current state of the Russian political economy in 2011.

Yeltsin, like the many that came before him, privileged many organizations he had ties to during the early years of privatization, causing a hybrid economy and oligarchic culture to develop. This has caused two problems; First, it has led to very tight relationships between certain "strategic" industries and the upper levels of the

Russian government (such as the relationship between Medvedev and Gazprom, where he was a former chairman), which lead to an uneven business environment that favors companies with vested state interests.

Second, the clash of these powerful businessmen with the president of Russia has pointed out the glaring holes in the Russian legal system, and the lack of legal safeguards that exist especially within the context of intellectual property rights (IPRs). Not only is the lack of legal provisions startling, but also the absence of a strong independent judiciary should be of particular concern to American business interests in Russia today. The presence of state operated enterprises (SOEs), while concerning for the growth of *local* business and franchisees in Russia, should not be looked at as a major concern for Americans corporations looking to invest in the Russian market.

### **Critical Issues and Recommendations**

- Pressure Russia to liberalize their work visa policy as a condition to WTO membership.
- Insist that Russia remove vagaries in its trade regulations in order to get off the 301-report list. This must be a prerequisite of WTO accession.
- The Immigration and Customs Enforcement (ICE) sub-department of the US Department of Homeland Security should seize domain names associated with intellectual property right piracy and counterfeiting.
- As a condition to WTO accession, the US should suggest that Russia abolish the RAS accounting system and convert entirely over to the International (IFRS) system.

- Promote a more independent judiciary that can stand up against large-scale corruption and racketeering that currently exists at high levels compared to other countries in the region and other transitional economies.
- Train Russian judicial, customs, and info-technology officers.
- Work with Russian treasury officials towards building a more flexible exchange rate for the ruble while strengthening the Central Bank of Russia's (CBR) ability to stabilize prices, allowing for a more flexible domestic monetary policy.

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- Pressure Russia to liberalize their work visa policy as a condition to WTO membership.

Russia's unique, highly centralized private-public hybrid economy has always had problems with corruption and financial crime. This is because of the historically close relationship between business and state regulation. Western "conflicts of interests" are not regarded as such in Russia; henceforth the relationship between Russian businessmen and the bodies that are supposed to regulate them is very corrupt and secretive.

In the 2009 World Bank enterprise survey, 40% of Russian businesses reported that bribes were necessary to "get things done."<sup>2</sup> The highly centralized nature of the Russian government also allows for very long registration processes for permits, averaging over 55 days for operating permits and over 100 days for a building permits.

Possibly the most disturbing trend is the amount of firms that reported giving bribes for operating permits.

While the European average in this survey was 15%, over 50% of Russian firms reported the need to bribe when trying to obtain an import license, a fact that underscores the countries corrupt government bureaucracy and protectionist trade philosophy.<sup>3</sup> In April 2010, Medvedev enacted an anti-corruption plan for 2010-11 that focused on the education of civil society members, a renewed focus on fighting government waste, and a change in the penalty for bribes from jail time to a fine 100 times that of the original bribe amount.<sup>45</sup>

However, critics of these policies have continued to point out that these provisions are too vague, and do not amount to real changes in the enforcement of new legislation. The change in the bribery law also seems to favor businessmen that are giving large bribes because the fine for petty bribes would not be worth the financial ruin. This seems to be the case since bribes as a percent of income have increased from 1.7% in 2002 to 4.5% in 2008.<sup>6</sup> For American companies, obtaining work visas for upper management can also be difficult. For instance, John Deere's office in Moscow only has one person, the general manager, who could obtain a work visa (Trone 2011).<sup>7</sup>

Apart from government corruption, unofficial rackets and organized crime is also rampant in Russia. The World Bank reported that 78% of businesses in Russia have paid for security during the past year compared to the regional average of 58%. Price WaterhouseCooper's economic crime survey has shown that 71% of businesses in

Russia were victims of economic crime, compared to 43% in the UK or 45% in Ukraine.<sup>8</sup>

This crime rate is especially bad in the areas of intellectual property rights and cyber crime, however it has been difficult to pinpoint the source of many of these crimes, and the inefficacy of the Russian legal system. Due to this lack of governance over the issue, and soft criminal punishment, the lack of IPR has cost the United States and Russia billions of dollars annually, not including the revenue lost in additional taxes and duties. The International Intellectual Property Alliance (IIPA), formed in 1984, is a private sector coalition of trade associations that represent U.S. copyright-based industries. The IIPA works with the United States and individual countries to help spread awareness, as well as to analyze copyright laws and enforcement to seek improvements.

Protections of legitimate products from piracy and counterfeiting encourages local investment, innovation and employment, which will help Russia's economy reach its full economic and social potential<sup>9</sup>. This is important when you are talking about a country that as recently as 2005 was considered to have the most pirated material of any country in the world.<sup>10</sup>

- Insist that Russia remove vagaries in the nation in order to get off the 301-report list. This must be a prerequisite of WTO accession.

One of the IIPA's special classification methods includes a review of each individual country that does not exercise the proper methods of protection against piracy and counterfeiting. The Special 301 Review is submitted to the Office of U.S. Trade

Representative (USTR), and it points out deficiencies in the respective nations laws and governance structure, as well as recommendations for improvement.

The Special 301 Review is a priority watch list for those countries that have the highest risk, and only after an investigation regarding these concerns, can trade sanctions be levied against the country in question.<sup>11</sup> Other countries that are not deemed to have such substantial risks are placed on the “priority watch list” or the “watch list”, which do not result in trade sanctions. However, the Russian Federation has been on the Special 301 Review list for at least ten years, and has yet to make significant improvements regarding these issues.<sup>12</sup>

- The Immigration and Customs Enforcement (ICE) sub-department of the US Department of Homeland Security should seize domain names associated with intellectual property right piracy and counterfeiting.

According to the 2010 Special 301 Report by the IIPA, pay-per-download services on the Internet are among the largest concerns of record companies in the United States. The website allofmp3.com has been at the center of this controversy throughout the last decade, due to its illegal distribution of music<sup>13</sup>. The website was founded in 2000 by Ivan Fedorov, owner of Media Services in Moscow. The website was licensed in Russia by the Russian Organization for Multimedia and Digital Systems, which typically licenses radio stations.

Under this license agreement, the website was authorized for the legal distribution of all music from all artists and all labels throughout Russia. However, in June 2006,

several music labels from the United States, such as Sony, Universal Music Group, and Warner Music Group filed lawsuits against the allofmp3.com claiming that they did not have the rights to distribute their music. The *New York Times* reported that,

“Allofmp3 offers a vast catalogue of music that includes artists who have not permitted their work to be sold online. Sold by the megabyte, instead of by the song, the album of 10 songs or so on allofmp3 can cost the equivalent of less than one dollar, compared with 99 cents per song in iTunes.”<sup>14</sup>

The owner of the website argues that he is authorized to sell the music according to Russian law, as he is licensed to do so. However, failure on behalf of the Russian Federation to recognize that the international laws are higher than their national laws has prevented any them from placing any pressure on such websites to halt operations.

The litigation between allofmp3.com and the American record labels, combined with pressure from the Russian Government, finally forced the site to shut down. However, many other sites have popped up to replace allofmp3.com, despite the fact that the Russian Civil Code Amendment declared that these sites are illegal.<sup>15</sup> It was stated in the Special 301 Report that Russia’s lack of enforcement for its own laws against such sites has proven to be one of the main issues blocking their accession to the WTO.

Trademarks are yet another arena where the Russian Federation has not supported international statutes. Take, for example, the trademark duel between Smirnoff (American) and Smirnov (Russian) vodka brands in 1992. The dispute started when Boris Smirnov attempted to ban the importation of Smirnoff Vodka into Russia, despite the fact that Heublein Inc. has the exclusive rights to the brand name in over 147 countries worldwide.

The issue of whether Smirnoff is a "popular" brand was an important factor in solving the dispute. Heublein argued that Smirnoff is well known throughout the world and that the Paris Convention on the Preservation of Industrial Property regulates its usage, rather than the localized Russian trademark laws. However, in 1996, the Russian courts ruled against Heublein and the Russian Customs Committee banned the importation of Smirnoff Vodka into the country. However, critics of this ruling claim that the provincial courts committed procedural errors and practiced rather than interpreted substantive law in the case. The lack of knowledge regarding intellectual property rights law has made it difficult for the courts to come to a fair conclusion, leading judges to make quick decisions, which sometimes disregard valid evidence.<sup>16</sup>

Even with the recent adoption of stricter IP laws, corruption within the Russian Federation has made it hard to crack down on pirates. There have been several searches and seizures carried out by Russian police over the last year, but the number of convictions during 2010 did not reach the 2007 levels. Police have been focusing on street vendors and other companies involved in the installation and use of pirated software, and have been fairly successful in prosecuting violators.

However, with 3,800 convictions in 2009 and over 4,000 in 2007, The United States is concerned that the efforts of the Russian Police have declined<sup>17</sup>. It is possible that prosecuting these offenders has taken a back seat to other issues within the Russian legal system, such as racketeering and state corruption. Another issue that could have led to the decrease in prosecution is the amount of piracy that now takes place on the Internet. Police are having trouble prosecuting these Internet crimes, and as such, there have been fewer convictions. Also, the lengthy litigation procedures in Russian courts

have delayed the prosecution of hundreds, or even thousands, of violators. This is due to the fact that the Russian Federation depends on their own specialists to investigate cases of counterfeiting and piracy. If the Russians could increase the number of specialists, as well as offering adequate training, many cases could be closed faster and therefore lead to quicker convictions.<sup>18</sup>

Business software piracy has also been a problem, but contrary to other issues within the industry, there has been a 19% decrease in counterfeited products over the past four years. This success is due in large part to two improvements within the legal structure of the Russian Federation. First, the commercial success of selling foreign made products in Russia has had positive effects. The 2008 decision by the Russian Ministry of Education to use registered software in public schools led to a significant decrease in the amount of pirated software. The Russian government has begun to fund purchases of this software in addition to distributing licensed copies of Russian and non-Russian software products.

The penalties for piracy and counterfeiting have been raised. These developments are very important to American interests. President Obama stated in a recent IPE report that, “insufficient protection for intellectual property rights is a priority at the highest levels of foreign policy. It promotes technological advancements, increases exports, opens markets, and results in more jobs.”<sup>19</sup>

Another enforcement success has been optical disc production. Optical discs are included in the production of CD's, DVD's and videogames, and in 2005, optical disc piracy in Russia was the highest of any country in the world. Recommendations made

by the IIPA suggested that Russia should confront this problem, as production was increasing, and costing billions of dollars to both the United States and Russia annually.

Of the 34 known production plants of optical discs, it was suspected that 24 of them were involved in the illegal production and solicitation of optical discs. As a result, the investigators were instructed to conduct inspections of these plants on a regular, unannounced, and continuous basis, as well as immediately closing and seizing illegal property upon finding such items. Five years later in the 2010 report, the issue of optical disc production still remains an issue, but it's not a priority for Russian prosecutors, and such piracy has decreased due to a decrease in number of violators.<sup>20</sup>

- As a condition to WTO accession, the US should suggest the abolishing of the Russian Accounting System (RAS) accounting system and conversion to the International (IFRS) system.

While there have been some improvements in the efficacy of the judiciary regarding intellectual property rights, there is still a significant lack of enforcement regarding corporate integrity and state corruption. The World Bank rated Russia 93<sup>rd</sup> out of 183 in terms of shareholder security. State-owned enterprises (SOEs) do not have to disclose their yearly books even though they are publicly traded, provided that they are in a “strategic” industry, which includes the major export markets of oil & gas, forestry, mining, and most manufacturing sectors.<sup>21</sup>

The problems surrounding corporate governance come back to a concern in the ambiguities of the Russian tax structure. Only in 2002 were corporate codes of conduct

introduced into Russia, however these provisions are still voluntary and in 2008, a study by Standard and Poor's (S&P) showed that Russian corporations decided to raise their standards to international minimums themselves due to lack of enforcement by Russian courts.<sup>22</sup> Also, because these standards are so weakly enforced, many of these laws were disregarded during the recent global financial crisis as companies started to look for loopholes in the tax structure. Three of these loopholes need to be patched and will be points of contention as they were loopholes that banks used that contributed to the financial crisis of 2008.

1. **Eliminating improper assets:** Many Russian banks have tried to artificially bolster their capital using “improper assets” or “cash assets and other assets originating directly or indirectly from assets provided by the bank or other individuals.” While it is possible for the CBR to demand banks to prove that improper assets were not used to bolster their capital numbers, these laws are rarely enforced.
2. **Eliminating Multiple Repossessions:** This practice entails a bank selling holding bonds (say at 10%) towards a loan at a discounted rate (e.g. 8%), and then using the money from the loan to buy back the bonds. This process would continue five or six times over in order to leverage returns. However, when the market declined and people started to default on their loans, the system fell apart and caused a chain reaction that seized the assets of many of the smaller privately owned banks.
3. **Reducing Tax “Optimization”:** Many banks have found creative ways of artificially reducing the taxable income according to the Russian Accounting

System (RAS). Many of these problems would be eliminated if Russian banks were required to report profits per international banking standards. Shifting to these international standards would also eliminate a lot of waste regarding paperwork since RAS standards are overly complex and require experts well versed in the Russian system.<sup>23</sup>

Apart from these three loopholes, education about individual shareholders rights and the rights of bank patrons needs to be disseminated throughout the Russian public. A 2008 survey pointed out that only 38% of the Russian public knew what deposit insurance was.<sup>24</sup> It is important to note that corporate governance structures have greatly improved since the early 1990's when minority shareholders rights were virtually non-existent, however this is an area of risk for American companies that can easily be improved by Russia conforming to international standards that other transitional economies (e.g. China & India) are conforming to as well.

Russia has also lagged behind other growing transitional economies in achieving WTO membership. This is largely due to the high levels of state control, which are especially pronounced in so-called "strategic" sectors, and result in a difficult business environment. In fact, the 2010 World Bank Doing Business Report, a study that focuses on the ease of conducting business, ranked Russia 123<sup>rd</sup> out of 183, well behind China at 78.<sup>25</sup>

In particular, the complexity of the Russian Tax code remains a worry for foreign investment in Russia, as RAS standards are required for tax purposes. A standard RAS income statement has between 150 and 200 required entries, and a "second-tier balance

sheet” is between 400 and 500 entries. This confusing system makes it easy for the Russian government to find inconsistencies and charge businessmen with tax fraud, which was theatrically done to Mikhail Khordokovsky in 2003.

This case, a classic example of how the rule of law is abused in Russia, recently produced a second trial in December, 2010, where Khordokovsky was charged with embezzlement charges and sentenced to another six years in jail<sup>26</sup>. Many in the West believe that these charges were levied against Khordokovsky due to the feud between him and Prime Minister Vladimir Putin.

- Promote a more independent judiciary that could stand up to large-scale corruption and racketeering that currently exists at high levels compared to other countries in the region and other transitional economies as well as train judicial, customs, and info-technology officers.

The Russian government has also been involved in a series of politically motivated investigations into several foreign companies; such as Shell and the UK-Russian energy firm TNK-BP. Shell was pressured in 2006 to sell a majority share in their Sakhalin 2 oil field to Gazprom<sup>27</sup>, and TNK-BP severed their relationship in 2008 in a deal that seemed to dilute BP’s investment.<sup>28</sup> This underscores the blend of politics and business that exists in Russia today.

Considering that the current president of Russia is a former Gazprom chairman, this case also shows how conflicts of interest are not regarded as immoral, and therefore do not affect a politician’s career adversely. These risks all stem from the weakness of

the judiciary in Russia. For instance, Russia has recently enacted stricter laws regarding intellectual property rights, however enforcement of these laws has been spotty and many lawyers do not have the legal expertise in this type of litigation. This lack of legal expertise should not be surprising because many of these new legal standards for business are not part of what the average Russian considers criminal, which goes back to the Soviet legacy of the state planned economy and its stress on the collective over the individual.

This clash between the collective ideal and the individual ideal illustrates the differences between American business culture and its Russian counterpart. Managerial turnover statistics show this difference. In America, corporate CEOs commonly shoulder much of the blame and enjoy the success that their company experiences when they are at the helm. This can be attributed to our cultural emphasis on individualism and strong market and regulatory institutions that can enforce corporate fraud laws against large blue chip companies. In Russia, however, CEOs have much more power and can save their jobs even if the corporation runs poorly under their control.

Many of the reasons that U.S.-Russian business relationships suffer from systemic flaws are due to the different values of the two countries. This ideological problem can manifest itself into much of the political posturing that these two countries engage in. The U.S.-Russian economic partnership, while substantial, will not significantly grow in the near future. However, that does not mean that there isn't anything that can be done to improve the relationship, rather that we should be aware that many of the issues that American businesses see as problems (the relationship between firms and their respective regulatory bodies, insider trading, intellectual

property rights, etc.) are not viewed by Moscow as road blocks to a healthy partnership between the two nations. This makes progress difficult, however here are some recommendations to help continue the growth of American businesses within Russia.

- Work with Russian treasury officials towards creating a more flexible exchange rate for the ruble, while strengthening the Central Bank of Russia's (CBR) ability to stabilize prices, allowing for a more flexible domestic monetary policy.

Implementing this recommendation would stimulate the growth of companies in Russia due to a more even pricing structure outside of the major cities. Allowing US companies to potentially expand out of the major cities.

### *Russian Foreign Trade Policy and Industry Development*

#### **U.S. Interests**

By increasing the amount of economic interaction between the United States and Russia, there is tremendous opportunity to create jobs and development in a number of industries. Yet, many institutional obstacles must be overcome through dialogue and diplomacy undermine the potential economic growth both nations could enjoy. The intent of this report is to emphasize the existing and future economic opportunities. We present data with the intent of improving U.S. and Russia bilateral relations in the 21<sup>st</sup> century by encouraging U.S investment and trade with Russia. Advancing economic ties with Russia will strengthen the US-Russian bilateral relationship, ease relations with

hostile nations (i.e. North Korea, Iran) and help us achieve our unilateral ambitions in a more effective and diplomatic fashion.

Russia's population of 142 million people is 99.4% literate, with about two million Russian citizens attending one of Russia's 1,090 universities.<sup>29</sup> Russia possesses a greater number of doctors per capita than the U.S., though medical care and the quality of facilities and equipment is typically low by U.S. standards. Their population is highly educated considering the lack of relative economic prosperity, which gives testament to their economic potential. Russian educational curricula have historically emphasized sciences and technology creating a population that is competent in advanced and profitable industries.

Russia's goal is to become the fifth largest economy in the world by 2020 and to raise living standards to the current level in Europe. Development and economic progress relies on energy, which Russia produces in large quantities, particularly oil and natural gas. Increases in domestic energy use in Russia create imperatives of energy development and will incur large-scale projects in oil production and nuclear power. The U.S. has overwhelming capacity to assist in such business ventures and many opportunities for growth reside in the energy sector in a developing Russia.

New consumer demands accompany a rising middle class, including an increase in demand for automobiles, an increase in civilian flights, and an increase in domestic investment, all of which will entice foreign assistance in the form of investment, development, trade and ultimately economic activity at large.

On the agricultural side, the U.S. is the top poultry exporter to Russia. There is a great deal of room for growth in the meat industry as the demand increases in Russia as a response to economic progress and a rising middle class. Nine percent of the world's arable land is in Russia, allowing for large agricultural opportunities in Russia, as well as in the timber industry.<sup>30</sup>

Russian president Dmitry Medvedev said in June of 2010 during a tour of the U.S., including a trip to Silicon Valley in California, that he is “convinced the potential of Russian-American relations is high; at the same time, due to the crisis and differences that existed between our states some time ago, this potential has been developing reluctantly.”<sup>31</sup> There is no secret to the apprehension both countries face in their dealings with one another, though there is promise in the positive rhetoric both nations articulate. Medvedev also stated that he is not satisfied with the amount of U.S. investment currently in Russia. Obama has also publicly acknowledged, similar to Medvedev, that economic relations are not as developed as they could be and that he expects to “boost ties” in the aviation, aerospace and automotive industries.<sup>32</sup>

Trade between the U.S. and Russia has been steadily growing since 2001, despite a 7.9% decrease in Russian GDP in 2009 caused by the global recession.<sup>33</sup> “Russia’s economy had averaged 7% growth since the 1998 Russian financial crisis, resulting in a doubling of real disposable incomes and the emergence of a middle class.”<sup>34</sup> Since 2000, US exports to Russia have increased 22% per year on average while US imports from Russia have risen 19% annually. Still, Russia accounted for only 0.7% of U.S. exports and 1.3% of U.S. imports in 2008.<sup>35</sup> Economic rents in the Russian economy could be more efficiently pursued if more effective institutions are created and shifts are made

within the Russian political system to liberalize the economy, opening the door for a wider variety of U.S. and global economic interaction.

Many obstacles still stand in the way of improving bilateral economic relations between Russia and the U.S. Many of these barriers are political and institutional, making the situation more complicated and difficult to address. Political corruption, human rights abuses, lack of political freedom and freedom of the press, as well as the elite oligarchy ruled by wealth and motivated by personal connections make dealing with Russia more difficult for the U. S. Such factors chase away investors and help contribute to a climate of distrust, abuse of power and instability.

There has been steady growth in trade between the U.S. and Russia over the last decade. With improvements made in the institutional framework and economic processes in Russia helping to encourage investment and attract business, the potential is tremendous. The U.S. should consider the data in this report to visualize the true economic potential that resides in an increase in economic interaction between the two nations

### **Critical Issues and Recommendations**

- Graduate Russia from the Jackson-Vanik Amendment and grant them Permanent Normal Trade Relations before Russia accedes to the WTO.
- Focus on industries where U.S. comparative advantages are strong such as metals, aerospace, and information technology, to diversify and develop the

Russian economy while using this increase in economic interaction with Russia as a tool to strengthen bilateral political ties.

- Harmonize trade regulations according to international standards by assisting acceptance into international organizations such as the OECD and WTO.
- Encourage US government and non-government international trade institutions to explore FDI in Russia meanwhile increasing US exports and US jobs.

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- Graduate Russia from the Jackson-Vanik Amendment and grant them Permanent Normal Trade Relations before Russia accedes to the WTO.

A major ideological and symbolic obstacle in the US-Russian trade relationship that must be overcome is the Jackson-Vanik Amendment. In 1974 the Jackson-Vanik Amendment was designed as a strategic tool in which the US could pressure the U.S.S.R. and other communist states to abide by international human rights standards by threatening access to US markets. Under Jackson-Vanik, any non-market economy that denied its citizens freedom to emigrate was rejected from permanent normal trade relations (PNTR) status.<sup>36</sup> No longer a non-market economy, Russia is the only ex-communist nation that is still denied PNTR status under the Jackson-Vanik Amendment.

Russia is also the largest world economy that does not belong to the WTO.<sup>37</sup> The WTO requires that member nations give PNTR, referred to internationally as, most-favored-nation (MFN) status “unconditionally” to all members.<sup>38</sup> The most favored

nation condition prevents one member from denying another member the opportunity to receive the most favorable trade policies that it grants to any other member.

If Russia is accepted into the WTO, the U.S. must grant Russia PNTR status and rebuke the Jackson-Vanik agreement in order to receive the full benefits of Russian membership. The U.S. also has the choice to maintain Jackson-Vanik and engage in the Non-Application Clause, which occurs when one WTO member determines it cannot grant MFN status to a *newly acceding member* and opt outs of all WTO trade benefits with said member.<sup>39</sup> Under this circumstance neither the U.S. *nor* Russia would be required to grant each other PNTR.

According to Jackson-Vanik guidelines, the president may waive restrictions each year, and Russia has been granted normal trade relations (PNTR) since 1994.<sup>40</sup> However a congressional vote is necessary to permanently release a nation from Jackson-Vanik, and the U.S. Congress is hesitant to let go of the potential leverage it has on Russia's actions. Russia's adherence to human rights law has been discussed in the past years, especially with its military actions in the war with Georgia as well as the censorship of political dissent within the country.

Currently, Russia's application to the WTO has been put on hold as it created a Customs Union with Belarus and Kazakhstan.<sup>41</sup> The three countries decided to apply together to the WTO, and shortly after repealed their decision. Now the three are continuing their individual applications separately.<sup>42</sup> These confusing actions will most definitely cause further delay in Russia's 17 year-long struggle for WTO accession. WTO officials are unsure how to accede one nation and not the other, yet it is still in US best economic interest to remove Jackson-Vanik before Russia's invitation to the WTO.

In the past the US has waited to graduate countries from Jackson-Vanik upon their entrance to the WTO<sup>43</sup>. The Coalition for U.S. Russian Trade recently released in a statement on February 9th that “the passage of PNTR is an imperative condition necessary for US businesses and agricultural interest to take full advantage of WTO entry”.<sup>44</sup> The US must secure its place in Russia’s economy before it is freed to all WTO nations, who will certainly be targeting Russia as a key emerging market.

Freeing Russia from the Jackson-Vanik Amendment will hardly change trade policy, as Jackson-Vanik has been essentially dormant for the past 16 years. Yet it will send the message that the US is ready to commit to pressing the “reset” button and moving on from Cold War ideological obstacles to trade. The Obama Administration should move beyond Jackson-Vanik and find alternative, more effective ways to nurture respect for human rights within Russian society as a whole—such as the improvement of civil society and the quality of life of Russian citizens through the advancement of political, economic and social institutions to higher international standards.

President of the American Chamber of Commerce Andrew Somers stated recently in an interview that a “major breakthrough in trade cooperation won’t be likely until Russia joins the WTO.” He stresses foreign investment and claims that the U.S. “has been fairly reasonable in negotiation with Russia on barriers that exist now.”<sup>45</sup> It is both in the interest of Russia and the U.S. for Russia to join the WTO, but the U.S. must not abandon its firm position in demanding that Russia has made progress in eliminating corruption, addressing human rights abuses, reforming their tax laws, ensuring the enforcement of intellectual property laws and giving more freedom and rights to foreign businesses and NGO’s.

WTO membership will have great benefits for Russia as well. Russian coal, oil, gas, chemical and metal industry will profit immensely as the raw materials market usually benefits from increased global competition<sup>46</sup>. The WTO is also the only body that has any governing power on international free trade. Exclusion from the WTO not only denies Russia full access to 90% of total world trade but also leaves Russia without a voice in global trade policy.<sup>47</sup> The WTO encourages the use of tariffs instead of non-tariff protectionist policies, which simultaneously promotes predictability and transparency as countries are bound to adhere to specific, data based policies, instead of arbitrary information<sup>48</sup>.

- Focus on opportune opportunities, such as metals, aerospace, and IT, to diversify and develop the Russian economy while using this increase in economic interaction with Russia as a tool to strengthen bilateral political ties.

Russia has a wide variety of industries, including “a range of mining and extractive industries producing coal, oil, gas, chemicals, and metals; all forms of machine building from rolling mills to high-performance aircraft and space vehicles; defense industries including radar, missile production, and advanced electronic components, shipbuilding; road and rail transportation equipment; communications equipment; agricultural machinery, tractors, and construction equipment; electric power generating and transmitting equipment; medical and scientific instruments; consumer durables, textiles, foodstuffs and handicrafts.”<sup>49</sup> There are not just one or two major

sectors in which the U.S. and Russia have prospered, but an array of industries ranging from pork and chicken to cars and jumbo jets.

The energy sector dominates U.S. imports from Russia, making up 67.3 % of total U.S. imports from Russia in 2008, though that figure remains relatively small in relation to the net amount of energy Russia exports and the amount which the U.S. consumes.<sup>50</sup> Russia's possession of large quantities of oil, natural gas and other energy sources combined with the U.S. need for energy makes for great potential for an increase in cooperative economic activity. The U.S. should continue to invest and help develop a wide range of industries in Russia, which will stabilize their economy through lessening their dependence on the energy and service sector, an overwhelming majority of their economy. Russia possesses much of the raw materials needed by the U.S. for energy and for manufacturing goods, which are often sold back to Russia, displaying the potential for a cooperative, lucrative relationship with plenty of room for growth.

The energy sector is a major part of Russia's economy. Russia stands as the world's top energy exporter. With the world's largest natural gas reserves, second largest coal reserves and seventh largest oil reserves, Russia is the world's largest exporter of natural gas. Russia is the second-largest oil exporter and is the largest source of non-OPEC oil. Russia is the sixth biggest supplier of oil imported by the U.S. In 2009 the U.S. exported \$309 million dollars of gas and field equipment to Russia. These exports to Russia have grown an average of 215% annually from 2005-2008. There is room for growth in U.S. energy imports from Russia and an increase in domestic demand in Russia will occur along with economic growth and development.

The U.S. has much to offer Russia in regard to sales and construction of nuclear materials as well as managing and disposing of nuclear waste and disassembled nuclear warheads. Through the Megatons to Megawatts program, the U.S. and Russia have partnered to recycle fissile material from Russian nuclear warheads into low enriched uranium that is used to generate electricity for U.S. homes, businesses, schools, and hospitals. Following WTO accession, Russia will permit 100% foreign-owned subsidiaries in various energy services, including mining, energy distribution and technical consulting services.<sup>51</sup>

One of Russia's fastest growing industries in the metals industry, making up 13% of Russia's exports in 2009. "In 2009, Russian production accounted for 20% of the world's titanium output, nearly 19% of global nickel output, 11% of silver output, and 9% of aluminum output". Russia is also a key producer of gold, platinum, tin, copper, lead, iron, steel, and several other metals and minerals. A significant amount of these metals are exported to the U.S. where they are used in various industries, including the automotive, aviation and aerospace industries in which some of the parts manufactured are sold back to Russia.

There are over 20,000 explored mines in Russia, and only about a third of them are being developed.<sup>52</sup> Here is an example of a growing sector of the economy in which many investment and employment opportunities exist for U.S. businesses in selling mining machinery and equipment to Russia, as well as sharing interests in the mines and their development. Full potential has not been reached however due to barriers to trade.

The future of trade in the aerospace industry is also promising. Russia desires to modernize much of their civilian aircraft fleet, and is expected to be a major purchaser of aircraft and parts. Much of the metal and other raw materials, which are needed in the U.S. to assemble aerospace parts and accessories, are imported from Russia. Announced in June of 2010, Russia purchased 50 Boeing 737 planes for a total of \$4 billion.<sup>53</sup> Russia is expected to need some 650 new airplanes over the next two decades.<sup>54</sup>

Deals like this serve as milestones in the growing relationship between the U.S. and Russia and contribute to a more positive atmosphere in U.S.-Russia bilateral trade. Russia is home to many skilled and educated workers in the aerospace industry. Teaming up with American workers and businesses will provide not only economic gains but enhanced political ties and intellectual ties as well, allowing accelerated growth on all levels.

Russia's tariffs on aircraft, which have consistently been cited by the business community for hampering trade, would fall from 20% to 7.5% following WTO accession. This would open the door wide to encourage aerospace and aviation companies to increase trade with Russia, helping to produce jobs and create economic growth for both nations. Russia abolished its 20% import duty on aircraft with fewer than 50 seats or more than 300 seats. This effort shows that they are committed to making changes that inhibit more liberalized trade and encourage foreign investment.<sup>55</sup> These types of acts, as well as the sale of Boeing planes help to display an environment of cooperation, diplomacy and economic opportunity for Russia, strengthening our bilateral relations.

The middle class in Russia has grown in response to the steady growth of Russia's economy over the last decade. Typical of a growing middle class and of a growing economy is the increase in demand for automobiles. Ford currently owns a \$330 million production factory in Russia, which is the first completely foreign-owned auto production facility in Russia. GM also owns a \$300 million factory and has been a major investor in Russian auto companies. Following WTO accession, Russia's tariffs on foreign automobiles would drop from 20-35% to 15%, thus encouraging U.S. auto manufacturers to increase their business dealings in Russia. Companies such as Ford and GM would be more likely to continue investments and plan for long-term business in Russia if tariffs were reduced such a substantial amount, economically benefitting both the U.S. and Russia.<sup>56</sup>

Russia will need to develop its infrastructure in order to upgrade effectively its economy. Russia needs a majority of their 580,000 miles of roads repaired and they are planning on building 150,000 miles of new roads by 2030.<sup>57</sup> Growth like this will provide many opportunities for the sale of U.S. construction vehicles, machinery and equipment.

The telecommunications industry is quickly rising in Russia, evident in the 214 million mobile phone subscriptions held by its 142 million citizens. About 40% of Russia's population uses the Internet and the Russian government has plans to expand their high-speed Internet access throughout the country including in rural areas. As part of WTO accession, Russia has agreed to join the Information Technology Agreement. This would allow telecommunications equipment to enter Russia from abroad duty free.

Russia would also allow foreign telecommunications companies to operate as 100% foreign owned enterprises.<sup>58</sup>

As Russia's economy grows, the need for cellular phones and Internet access will increase, and the prevalence of these products will help spur trade due to the contributions they make in assisting an economy to become more efficient and more productive. This will create large opportunities for computer hardware, software sales, and network security to Russia. Russia's \$7 billion personal computer market is projected to grow nearly 11% annually over the next five years. Russia's software market is expected to grow from \$3 billion in 2010 to more than \$5 billion by 2014.<sup>59</sup> This is evidence of opportunities for U.S. companies such as Microsoft and Apple to market computer products to the growing Russian market.

An increase in meat consumption typically coincides with economic growth and a rising middle class as well, displaying the potential growth for meat exports from the U.S.. In 2009, Russia was the largest importer of U.S. poultry with the U.S. exporting more than \$762 million of poultry to Russia. They are also the fifth largest importer of pork and swine meat, with the U.S. exporting more than \$179 million to Russia, and the seventh largest importers of U.S. beef, with U.S. exports of frozen and fresh beef totaling \$64 million in the first half of 2010. Beef sales are on pace to exceed 2008 and 2009 beef exports to Russia combined.<sup>60</sup> About 39% of total US chicken exports went to Russia in 2008.<sup>61</sup>

- Harmonize trade regulations according to international standards by assisting Russian accession into international organizations such as the OECD and WTO.

Frustrations surrounding US-Russian trade relations are due to the protection of these industries. U.S. industries cannot rely on Russia as a reliable trade partner in that its tariff and non-tariff barriers often fluctuate depending on the status of the global market. A major deterrent in US-Russian trade relations is Russia's use of food safety and sanitary and phytosanitary (SPS) measures around agricultural products, specifically beef, pork and poultry products. Since 2008, Russia has raised many protectionist measures to protect their industries at home. Affecting U.S. exports the most are non-tariff barriers on meat and poultry imports into Russia. In 2008 the U.S. exported \$740 million worth of poultry products to Russia—the single largest market for US poultry producers.<sup>62</sup>

Russia raised standards for sanitary regulations and food safety in 2008-2009 when they instituted a zero tolerance policy toward antimicrobial treatment in any meat or poultry import and banned any poultry product cured with chlorine. In October of 2008 the Russian official veterinary service stated it, “no longer recognizes USDA authority to inspect and relist (meat and poultry) plants that completed corrective actions.”<sup>63</sup> The ban was effective January 1<sup>st</sup>, 2010 and the majority of U.S. poultry producers are expected to face great losses if they do not find alternatives to chlorine rinses.

In light of the recent economic crisis, many argue that Russia's sanitary protections (SPS) are not merely about food safety. According to a U.S. Congressional research team, the SPS measures are inconsistent with international recommendations,

guidelines and policy; they are also without a scientific basis.<sup>64</sup> The use of sanitary and food safety protections is an outdated practice according to WTO standards. Under the Agreement on Sanitary and Phytosanitary Measures (SPM), “WTO members are permitted to apply controls on products in order to protect public health and safety, but those controls must be scientifically based and must not discriminate against imports.”<sup>65</sup> If Russia had been accepted into the WTO before the 2008-2009 global financial crisis, its fellow WTO trade partners, including the U.S., would also have been safeguarded from protectionist reactions, including the non-tariff barriers against meat and poultry<sup>66</sup>.

Russian tariffs are, on average, higher than WTO standards in almost every industry. Under WTO regulations, Russian tariff percentages would decrease across the board. Because they would enter Russia duty free, it is estimated that U.S. information technology, products and equipment exports would value at \$17 billion in 2011 and grow almost 11% annually for the next 5 years.<sup>67</sup> Tariffs on industrial imports such as chemicals, medical supplies, aircrafts, and construction equipment would lower existing tariffs to 8.2%.<sup>68</sup> Upon entering the WTO, Russian tariffs on aircraft engines and other parts would fall to an average of 5%.<sup>69</sup>

Many U.S. companies have voiced concerns about unnecessary Russian tariffs and taxes being excessive and a barrier to business. Russia has tariffs on all imported goods, but on top of that they have two taxes, an excise tax and a value added tax (VAT). These taxes commonly total around 70% of the value of the product being imported, discouraging foreign companies from trading with Russia. Accession into the WTO would severely limit these taxes and would create greater predictability in the Russian economy and would help economic growth.<sup>70</sup>

Another way for the US to encourage Russia indirectly to reform trade policy is by overseeing its membership to the OECD. The OECD has an extensive multinational peer review examination process and also provides economic analysis, financial and investment planning to nations and opportunities to reform taxes, tariffs and trade policy. It also has specific working groups that seek to resolve global problems such as the anti-corruption and anti bribery program.

Russia, though not a member yet, has been working with OECD since 1992. It submitted its membership application in 1996, and it was not until May of 2007 that OECD opened up discussions for membership if they found that Russia had the “willingness preparedness and ability to adopt OECD practices, policies and standards.”<sup>71</sup> In November 2007 a “road map to accession” was created for Russia, recommending areas of growth and specific ways to implement development including: market-reform activities, six economic surveys and reviews of regulatory reform, education, environment, investment, innovation, social policy, science and technology and corporate governance.<sup>72</sup>

More than anything, accession to the OECD is important as it gives Russia room to defend their policies and express their desires and contributions to the world economy. Even in the “road map” stage, Russia is becoming actively engaged in OECD’s plans and taking advantage of the many resources the OECD provides.

The 2009 OECD Economic Survey of Russia recommended four main goals to liberalize the trade and foreign investment system:

- 1. Lower FDI and tariff barriers and move toward a uniform tariff trade.**
- 2. Increase the openness and predictability of the foreign investment regime.**
- 3. Ensure a level playing field between domestic and foreign firms with respect to government procurement and access to subsidies.**
- 4. Consider introducing provisions to encourage regulators to use internationally harmonized standards and certification procedures wherever possible and appropriate and avoid unnecessary trade restrictiveness.<sup>73</sup>**

Although the US should make all attempts to negotiate directly many of these goals, it should also actively support Russian accession and collaboration with organizations, like the OECD that have a less biased and multinational voice. Both the WTO and the OECD are independent international bodies comprised of nations that are home to successful governments and economies. The application process and requirements upon entry alone will promote free trade, transparency in business practices and development in Russia—all of which are consistent with US interests.

- Encourage US government and non-government international trade institutions to explore FDI in Russia meanwhile increasing US exports and US jobs.

The bilateral trade relationship also lacks the cooperation, communication and cultural understanding and trust between businesspersons in the two nations. Smaller-scale business exchanges is essential in creating long-term relationships because they are done at an interpersonal level. Despite vast cultural differences, the US is able to trade

with a variety of different nations around the world—Russia should be no exception. The absence of a “Russian lobby” also limits the success of pro-trade measures in US trade discussions in the United States. The Obama Administration should encourage international trade organizations to pursue relationships with Russian firms, people and fellow organizations. Below are several US government and non-government institutions that actively engage in foreign trade.

The Export-Import Bank is a US credit agency dedicated to financing the export of US goods and services to international markets.<sup>74</sup> It considers Russia’s expanding economy as a strategic market for US companies and is actively working to expand the scope of financing activities in Russia. In a recent publication, it stated that authorizations for investment in Russia have averaged around \$150 million per year and are increasing steadily.<sup>75</sup> The Ex-Im Bank also offers direct loans, insurance and guarantees—until the Russian business environment is stabilized, risk management and insurance are essential in small-scale business and FDI in Russia.

The US Trade Development Agency funds project planning activities, reverse trade missions, and grants funding to overseas projects in order to help companies create US jobs through the export of US goods and services<sup>76</sup>. It meanwhile provides mutually beneficial trade by building partnerships, creating sustainable infrastructure and encourage private sector solutions to developmental challenges. The USTDA granted \$120,000 to fund a study by Hoffman International of Piscataway, NJ on a construction equipment leasing joint venture. Due to this study, Hoffman has sold \$10 million in highway construction equipment to its Russian partner (US Trade and Development Agency 2008)<sup>77</sup>.

In 2006, the Overseas Private Investment Corporation (OPIC) board approved \$100 million to ZAO Europlan, a company owned by Delaware-partnership Capital International Private Equity Fund IV and Baring Vostok Capital Partners, which leases equipment and vehicles to small and medium sized enterprises (SMEs).<sup>78</sup> Robert Mosbacher, Jr., the president and CEO at the time expressed dedication to the development in OPIC's work, "Europlan conducts more than 50 percent of its business outside of Moscow, the developmental impact of the project will reach less-developed areas in the Russian Federation."<sup>79</sup> OPIC is devoted to resolving global issues and achieving US foreign policy and development initiatives by financing US business ventures in emerging foreign markets.

The US Department of Commerce is also committed to instituting ethical business practices in Russia by supporting efforts to reduce bribery in foreign trade and adhering to the anti-bribery policies created by the Foreign Corrupt Practices Act (FPCA). The Department of Commerce sees Russia as a critical actor in the fight against corruption in business and suggests the way to generate ethical trade policy is to "expand the network of trading partners while resisting lowering professional standards."<sup>80</sup>

The US Chamber of Commerce has recently created a new program to focus on Russia as an important trade destination. President and CEO Tom Donohue signed a Cooperation Agreement with the Russian Union of Industrialists and Entrepreneurs (RSPP) at the XII St. Petersburg Economic Forum (2010). The agreement includes the birth of the *American-Russian Business Dialog*, a forum for conflict resolution, and

brainstorming and business-to-business level interaction in order to voice opinions for policy makers in both nations.<sup>81</sup>

The U.S. has the capacity to be a major influential player in the Russian economy through increasing dialogue, transparency and a willingness to set a new standards in U.S- Russian relations. The US has the opportunity to help transform Russia into a more economically and competitive global partner while removing the distrust and fear which drove bilateral relations for most of the 20<sup>th</sup> century, and simultaneously assisting in the development and modernization of their institutional framework. This partnership will continue to create more opportunities for U.S. investment and trade and will provide jobs for Americans, aiding in our own goals of economic recovery. It will also strengthen our bilateral political relationship due to increased interdependency, which comes with larger quantities of economic interaction.

The stronger political relationship resulting from stronger economic ties can potentially help the U.S. achieve its interests and better deal with countries in which it shares unstable relationships but Russia does not. (i.e. Iran, North Korea). Russia's willingness to move forward and work to eliminate the political and institutional barriers hindering trade will help expedite their accession into the WTO the OECD and to establish normal trade relations with the U.S. A fulfillment of these objectives will symbolize a new era for Russia; an era of transparency, stability, progress and prosperity.

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## **Civil Society & Human Rights**

### **Critical Issues**

Although not as easily defined, or as concrete as other institutions, the functioning of a well articulated and publicly supported civil society remains imperative in the pursuit of upholding democratic values. When successful, a civil society provides a necessary and vital buffer of ‘public space’ between the individual and the state. Institutions under the umbrella of civil society include; business organizations, independent print and broadcast media, an accountable and transparent judiciary, religious organizations and other groups invested in social, political and economic equality as well as environmental justice.

When successful, these institutions provide a space for the public to make policy demands on the federal government. Furthermore, these institutions create a much-needed protected space for the public to express divergent and critical viewpoints. It is in the United States’ best interests to engage Russia bilaterally while also respecting Russia’s sovereignty. If the United States is able to work through historical challenges and forge a positive partnership, both nations can capitalize on a range of issues. By working together on issues facing the public and private sectors, both nations can strengthen civil society, institutional integrity, good governance, and transparency.

The Universal Declaration on Human Rights is an important guide for multilateral action and reform. Though it is a non-binding agreement, it serves to provide the international community with guidance concerning inalienable rights. Russia has signed and ratified both the International Covenant on Economic, Social and Cultural Rights (ICESCR) and the International Covenant on Civil and Political Rights (ICCPR). The U.S. has signed the International Covenant

on Economic, Social and Cultural Rights (ICESCR) and has signed and ratified the International Covenant on Civil and Political Rights (ICCPR).

It is imperative to address the cultural legacy of forced participation in organizations during the Soviet era. As a result of this history, nonparticipation becomes a source of rebellion, making the necessary participation in any nongovernmental organizations difficult to contribute to the formation of a healthy civil society. Interventions aimed at solving problems that the U.S. and Russia have in common, on the soils of both countries, and with funding from both sides, could produce meaningful and lasting benefits to American and Russian citizens alike. In response to broader global challenges, it is time to engage Russia as a fellow global leader and donor, within its current preferred framework of multilateral institutions. Effective, authentically collaborative U.S.-Russian leadership could catalyze progress against stubborn problems both within and beyond U.S. and Russian borders.

### **U.S. Interests**

- Add judicial review to the civil society subcommission's docket with a focus on conferences, student and professional – level exchange for the continual updating, modernization, and transparency of both nations' judicial process.
- The civil society subcommission should continue their work on prison reform through conferences, student and professional – level exchange for the continual update, modernization, and transparency of both nations' prison reform process. Emphasis should be placed on health, cleanliness, and human rights per the Universal Declaration of Human Rights

- No action is recommended in response to the Khodorkovsky case due to the volatility of relations regarding domestic matters.
- Conferences promoting cultural exchange and scholarly and policy-focused exchanges surrounding the prevention of xenophobia and discrimination, especially after violence such as terrorism, should be pursued.
- No action is recommended for the U.S. in regard to Chechnya-Russia conflicts. This is an issue that is best handled multilaterally through NATO or UN action. The potential volatility of rhetoric between U.S. and Russia government officials is too great for direct action.
- Expand and advocate youth education rights to youth with disabilities.
- Expand educational exchange programs between Russia and the United States
- Construct and offer more structured educational systems for youth.
- Improve work environment for children and reinforce international agreements and protections for child labor.
- Expand awareness outreach programs with a primary target on low-income families, combining long-term education benefits compared with child labor while emphasizing its differences from healthy or necessary child work.
- Significantly decrease child and women trafficking and eliminate false advertisement traps concerning human trafficking.
- Reinforce implementation on ratifications of the Convention Concerning the Prohibition and Immediate Action for the Elimination of the Worst Forms of Child Labor.
- The United States Department of Energy (DOE) should continue to work with Russia's National Nuclear Agency in order to reinforce storage facilities in Mayak and devise

strategies to clean up the surrounding Chelyabinsk Region and relocate its remaining residents impacted by widespread nuclear contamination.

- Support the ability of NGOs to raise consciousness and pressure the Russian government about ongoing environmental decay in the Chelyabinsk region and its ongoing consequences for human health.
- Russia should join Denmark, Estonia, Finland, Germany, Latvia, Lithuania, Poland, and Sweden in designating its Baltic waters as a Particularly Sensitive Sea Area (PSSA) governable by the International Maritime Organization (IMO).
- Improve the State Environmental Protection Watch's authority and oversight to the extent that it may dramatically increase fines and economic sanctions against industrial plants in St. Petersburg guilty of illegally discharging wastewater into St. Petersburg's Neva River.
- Encourage efforts to promote 'forest certification' through the Forest Stewardship Council, which would require a third-party to inspect firms in the timber industry to ensure that extraction meets a number of ecological and social criteria.
- The Russian government should implement educational peer training programs for prison inmates aimed at disease prevention.
- A social program should be implemented which bridges the gap between prison and civilian health services and social protection institutions.
- Research and development on inmates and prisons should be promoted by state funding and encouraged in university settings.
- The government should sponsor programs aimed at healthy lifestyle choices, with emphasis on substance abuse prevention.

- Joint R&D between U.S. and Russian medical experts should focus on increasing the surveillance, prevention and management of infectious diseases.

### *The Russian Judicial System*

#### **U.S. Interests**

As signatories to the UDHR both Russia and the U.S. are expected to uphold the rights in the Declaration for all citizens. Articles 9, 10, 11, and 12 are applicable to the problems surrounding the judicial system. Article 9 states that “no one shall be subject to arbitrary arrest, detention or exile.” Article 10 states that everyone is entitled to a “fair and public hearing by an independent and impartial tribunal, in the determination of his rights and obligations and of any criminal charge against him.” Article 11 upholds that every defendant is innocent until otherwise proven guilty and that the laws and punishments at the time of the crime are the only applicable ones; regardless of any changes or advancements made henceforth. Article 12 ensures the protection of the law for everyone against “interference or attacks” against “privacy, family, home or correspondence... honor and reputation.”<sup>1</sup>

A weak judiciary has several negative effects for the business communities of both nations. A lack of protection frightens away potential foreign business prospects that require intellectual and asset rights protection in order to operate. The lack of protection of intellectual rights also means that US businesses are losing millions if not billions in lost profit due to illegal downloading across Russia.

The potential for business interests in Russia plummeted with the announcement of the verdict for Mikhail Khodorkovsky, with many officials and prominent business minds quoting on the detriment that Russia is doing to their own interests, including “Secretary of State Hillary

Rodham Clinton warn[ing] that the case would “have a negative impact on Russia’s reputation,” and particularly on its “investment climate.””<sup>2</sup>

Human Rights per the UDHR directly interests and affects U.S. action in this area. Article 17 of the UDHR states that “(1) Everyone has the right to own property alone as well as in association with others” and “(2) No one shall be arbitrarily deprived of his property.” It is widely viewed that Khodorkovsky, former owner of the Yukos oil company remains innocent, but was targeted for the benefit of officials who were hungry for the vast resources of Yukos as well as for Khodorkovsky’s own political leanings and resulting support of opposition to, then, President Putin.

Even before the verdict was announced, Russian authorities showed great offense at the amount of international comment and involvement in a domestic judicial trial.<sup>3</sup> Their outrage went as far as to question the intentions of President Obama in his outreach to Russia regarding his actions as threatening the entire Bilateral Presidential Commission.(BPC)<sup>4</sup> This rhetoric has consistently undermined efforts of bilateral relations between the two states and as relations improve, there is more at stake should the wars of rhetoric fly out of control.

Fortunately, existing work on prison reform by the BPC has set the stage for progress in the field for of civil society/human rights for both nations. There are a number of Articles of the UDHR that are applicable to the abysmal prison conditions in both countries. Article 5 states that “No one shall be subjected to torture or to cruel, inhuman or degrading treatment or punishment.”<sup>5</sup> This article applies to the case of lawyer, Sergei Magnitsky, who died in detention in Russia. Article 6 states that “Everyone has the right to recognition everywhere as a person before the law.”<sup>6</sup> This applies to the Magnitsky and Yukos Oil Company cases. Article 7 states that “All are equal before the law and are entitled without any discrimination to equal

protection of the law. All are entitled to equal protection against any discrimination in violation of this Declaration and against any incitement to such discrimination.”<sup>7</sup> This article applies to the cases surrounding the Yukos Oil Company.

### **Critical Issues and Recommendations**

- Add judicial review to the civil society subcommission’s docket with a focus on conference, student and professional – level exchange for the continual update, modernization, and transparency of both nations’ judicial process.
- The civil society subcommission should continue their work on prison reform through conferences, student and professional – level exchange for the continual update, modernization, and transparency of both nations’ prison reform process. Emphasis should be placed on health, cleanliness, and human rights per the Universal Declaration of Human Rights.
- No action is recommended in response to the Khodorkovsky case due to the volatility of relations regarding domestic matters. The business subcommission may work toward more asset protection in another manner, such as through intellectual rights treaties.

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- Add judicial review to the civil society subcommission’s docket with a focus on conference, student and professional – level exchange for the continual update, modernization, and transparency of both nations’ judicial process.

International standards for a fair trial have been frequently been ignored in Russia’s troubled judicial system. The right to legal representation during investigation is often ignored and there is a continuing lack of respect for the rule of law exasperated by the treatment of suspects and prisoners – especially in cases that have political aspects.<sup>8</sup>

The Russian judicial system has recently been in the news due to the high profile Khodorkovsky case. The media attention has brought the world’s eye to this branch of the government that appears to be used for political means when necessary; exposing rampant corruption in the rest of the government. This affects business interests who do not feel that their assets (physical or intellectual) are protected. This also extends a lack of legitimacy to the nation and increases instability.

The Russian legal system is based upon civil law with judicial review of legislative acts. The Judicial branch consists of a Constitutional Court, Supreme Court, and Supreme Arbitration Court. Judges are appointed for life by recommendation of the president.<sup>9</sup>

Russia has not accepted compulsory International Court of Justice jurisdiction, though it is required by UN statute. Russia must come under the rule of law and cases like Khodorkovsky’s repudiate claims made by President Dmitri Medvedev that recognize that this must happen “if the country is to become a modern, successful state.”<sup>10</sup>

The options that this issue presents are precarious due to the potential volatility of any internal meddling in the internal affairs of an ally and that our Russian counterparts are

particularly sensitive to any such meddling. To do nothing remains an option, and in this case is a good one. However, with such blatant human rights risks, this issue would be best handled through bilateral exchange work, the specialty of the BPC anyway. The U.S. should suggest that judicial review be added to the civil society subcommission and subsequently, conferences and exchange among students and professionals should be sought. The focus would *not* be to critique Russian internal affairs, but to offer guidance and gain knowledge for the continual modernization and health of both nations' judicial systems.

- The civil society subcommission should continue their work on prison reform through conferences, student and professional – level exchange for the continual update, modernization, and transparency of both nations' prison reform process. Emphasis should be placed on health, cleanliness, and human rights per the Universal Declaration of Human Rights

Detainees and prisoners are regularly subject to torture and ill-treatment throughout Russia. Various methods have been reported; ranging from beatings, to electric shock, to suffocation with plastic bags to stress positions. Rape as well as denial of necessary medical treatment has also been reported.<sup>11</sup>

There is abundant documented evidence of problems in the Russian prison system. The U.S. annual Human Rights Report noted that “prison conditions were harsh and could be life threatening.”<sup>12</sup> This succinctly summarizes the various abuses noted by scholars and international organizations alike. Various prisoners rights groups have followed and publicized many instances of beatings and other abuses of prisoners in oblasts across Russia.

Unfortunately, even upon publication, few outlets broadcast the information and there was no official response or improvement in conditions. There have been a handful of high profile cases that have garnered domestic and international attention. Two cases will be noted here, both due to the current importance of the cases related to the Yukos Oil Company, and the disgraceful health situation noted by the Magnitsky case. It is important to know that this is not a conclusive list, but important as to what the media has spread into public knowledge. This list does not highlight the previously mentioned physical abuse, ill treatment and torture, nor the disturbing conditions of most imprisonment facilities across Russia.

One such case is of a 37-year-old , Sergei Magnitsky, who “died in the infirmary of Moscow’s Butyrsky Prison.”<sup>13</sup> The 2009 U.S. Human Rights Report on Russia reported that Magnitsky had worked as a lawyer for Hermitage Capital, an investment fund that accused Interior Ministry officials Artyom Kuznetsov and Pavel Karpov of stealing 5.4 billion rubles (\$179 million) in a tax fraud scheme. After Magnitsky gave testimony in court in 2008 against Kuznetsov and Karpov, officials charged and arrested him on tax evasion charges that many observers believed were fabricated.

After a year in pretrial detention, Magnitsky developed an infection in his pancreas but was refused medical treatment and died. The official report of his cause of death was heart failure, which was widely considered to be a false diagnosis intended to hide the decision to deny him medical treatment. A number of human rights activists believed Magnitsky’s death to have been either deliberate or the result of an attempt to pressure him to change his testimony against Kuznetsov and Karpov. In the aftermath of Magnitsky's death, there were a number of official investigations into treatment of prisoners, and more than 20 officials in the prison system were

fired. In December, the Justice Ministry announced a formal criminal investigation into Magnitsky's death, but no one had been criminally charged by year's end.<sup>14</sup>

This tragic account from 2009 spurred many to fear that when the Vice President of Khodorkovsky's Yukos Oil Company, Vasiliy Aleksanyan faced a range of medical problems requiring attention from testing HIV positive to lymphatic cancer and tuberculosis his human rights may not be respected. Following public outcry, and considerable human rights intervention, Aleksanyan was freed on an excessive bail of 50 million rubles. This took an inordinate amount of time and by the time he was released Aleksanyan was too weak to move, though he was ruled healthy enough to stand trial several months later.<sup>15</sup>

The approach to this issue must be coupled with judicial reform and review in order to reduce the overall number of prisoners – from which the U.S. and Russia both suffer to an excess. However, the health, cleanliness, and treatment issues surrounding the prison system could benefit from multilateral action structured similarly to the judicial system review.

First, conferences of professionals approaching the issue as something that needs reform in both countries should be held. This should be followed by continued exchange of professionals and scholars of these issues to each others' countries for transparent reform and multilateral action throughout the stages of planning and action.

- No action is recommended in response to the Khodorkovsky case due to the volatility of relations regarding domestic matters. Business subcommission suggests working toward a greater level of anti-corruction and asset protection measures.

The grand majority of Russian-related human rights news in the past 18 months has been related to Mikhail Khodorkovsky, former owner of the Yukos oil company, who was re-

sentenced after a second trial for theft and money laundering in December 2010<sup>16</sup> This sentence will be tacked on to the end of the sentence he is currently serving for an earlier conviction, also surrounding Khodorkovsky's ownership of the Yukos Oil Company. The new charges were brought immediately after Khodarkovsky was coming up for, and was then denied, parole in October 2009. Throughout the latest trial there was constant disregard for due process, amplifying the numerous claims that the trial was entirely politically motivated. The European Court of Human Rights has already ruled that the rights of Platon Lebedev , one of Khodorkovsky's colleagues, were violated during his trial and they are currently considering allegations regarding the political motivations of Khodorkovsky's first trial.<sup>17</sup>

Business interests and prospects in Russia were greatly affected by the announcement of the verdict for Mikhail Khodorkovsky. Many officials and prominent business minds commented on the detriment that Russia was doing to their own interests, including "Secretary of State Hillary Rodham Clinton warn[ing] that the case would "have a negative impact on Russia's reputation," and particularly on its "investment climate."<sup>18</sup>

Human Rights per the UDHR affect U.S. action in this area. Article 17 of the UDHR states that "(1) Everyone has the right to own property alone as well as in association with others" and "(2) No one shall be arbitrarily deprived of his property." It is widely viewed that Khodorkovsky was innocent but was targeted for the benefit of officials who were hungry for the vast resources of Yukos as well as for Khodorkovsky's own political leanings and resulting support of opposition to, then, President Putin.

Even before the verdict was announced, Russian authorities showed great offense at the amount of international comment and involvement in a domestic judicial trial.<sup>19</sup> Their outrage

went as far as to question the intentions of President Obama in his outreach to Russia, arguing that his actions undermine the BPC.<sup>20</sup>

This rhetoric has consistently undermined efforts of bilateral relations between the two states and as relations improve, there is more at stake should the wars of rhetoric fly out of control. Although Russia must come under the rule of law and cases like Khodorkovsky's repudiate claims made by President Dmitri Medvedev that recognize that this must happen "if the country is to become a modern, successful state."<sup>21</sup>

The Kremlin preserves nearly totalitarian control over Russian politics. Powerful independent companies, such as Yukos, could threaten the political balance by supporting opposition groups. Because the Kremlin is supported by rich mineral reserves the damage from a level of unabashed corruption that is targeted and geared towards apparently honest, business operations like Yukos is minimized because Russian leaders are acutely aware that there will always be parties willing to pay for Russia's resources.<sup>22</sup>

Russia's economy is still growing steadily and therefore, Russia's leaders are safe. Projections measure oil at a worth of billions more if they had a reputation that was not reinforced by the Yukos cases, but their control is steadfast and individual interests trump the well-being and profit of the nation.

The U.S. has several possible options for action in response to the state of the Russian judicial system, however due to our nation's dedication to human rights it is recommended that option c be taken.

a.) No action is the first option. This fails to uphold our commitment to the UDHR though it may allow for other progress through the BPC which other actions could undermine.

b.) Offer collaborative assistance: work through our pre-established commission to address the issue in a wide stance; i.e. through the larger topic of the judicial system as a whole or through business interests. This option is not practical for the present, as no preliminary steps have been taken.

c.) Call for change: Issue public statements about the U.S. position to the Khodorkovsky trial and call for our friends in Russia to reexamine the issue. This option (c) is the most easily supported because it stands by our signing of the UDHR and therefore upholds our credibility and integrity. However, it could be very costly in all other aspects of our commission as shown by the outrage of Russian officials in response to international comments such as those by Secretary Clinton.

- No action is recommended for the U.S. in regard to Chechnya-Russia conflicts. This is an issue that is best handled multilaterally through NATO or UN action. The potential volatility of rhetoric between U.S. and Russia government officials is too great for direct action.

Racial discrimination in the Russian context is very clearly fueling terrorist action, as exemplified in the recent airport attack by a separatist group from the North Caucasus area. The terrorism subcommission will work collaboratively on the specifics of attacks and protection.

This subject summons issues with and contradictions to the UDHR. Namely, Article 2 which entitles all people to the rights to be free of “distinction of any kind, such as race, colour, sex, language, religion, political or other opinion, national or social origin, property, birth or other status. Furthermore, no distinction shall be made on the basis of the political, jurisdictional or international status of the country or territory to which a person belongs, whether it be independent, trust, non-self-governing or under any other limitation of sovereignty.”<sup>23</sup>

Russian diplomats have made it excessively clear that they do not appreciate foreign commenting on domestic matters in Russia, especially on human rights and internal conflicts like Chechnya. Their concern and sensitivity on this issue has the potential to undermine much of the commission's work.<sup>24</sup> It is paramount that sensitive topic, such as human rights, be approached with the appropriate level of sensitivity and tact, keeping in mind that to act harshly or undiplomatically could jeopardize valuable and realizable outcomes.

At least six human rights activists were abducted and killed in 2009, against the backdrop of Chechnya's Russian-placed President Kadyrov calling them;enemies of the nation and asserting that they have a "death wish." The Chechen government is entirely Moscow-supported and seems to arbitrarily prosecute ethnic and national Chechens, such as the recent series of evictions in Grozny.<sup>25</sup>

This is another area in which Russian diplomats have made it clear they do not appreciate foreign commentary on domestic matters, especially on the human rights and conflict issues that plague the region of Chechnya. Their outrage and hyper sensitivity on this issue has the potential to undermine any human rights actions undertaken.<sup>26</sup> It is paramount that this topic be approached with the utmost sensitivity. This should be addressed through moving forward on the discrimination and xenophobia conferences and other bilateral action, previously mentioned, but does not merit action in and of itself.

- Conferences promoting cultural exchange and scholarly and policy-focused exchanges surrounding the prevention of xenophobia and discrimination, especially after violence such as terrorism, should be pursued.

Discrimination and xenophobia has taken a violent turn in Russia and, even within the last two months, it has made the news a number of times. There has been killings in the streets and terrorism in the airports.<sup>27</sup> This is an issue that requires collaborative action. The violence is largely based on discrimination and blatant racism with major media centers quoting Russians calling those from the Caucasus “animals” that “have taken over [this] neighborhood.”<sup>28</sup>

Much of this conflict is based on tension in the North Caucasus and it is immigrants from this area that are targeted by ethnic Russians. These issues of ethnicity are widely understudied and misunderstood. Scholars assessing the effects of ethnicity urge for study of traditional groups rather than arbitrarily-drawn national lines to understand their motivations.<sup>29</sup> This type of study may unravel the ethnic tensions that plague the entire nation.

This conflict is not new nor is it ebbing. Though the wide publication of recent events may appear to show a steep escalation of violence, it appears to be a steady escalation. Past events continue to haunt modern ones. Mass graves have been discovered yet Russian authorities refuse to allow investigations that would help reveal information that would lead to convictions. These issues plague modern efforts via fear from current authorities of these past events being dealt with and the frustration of victims with the unsolved cases of the past.

Meanwhile, similar violent issues continue. Every year there are examples of single murders causing massive retaliation against the Caucasian minorities.<sup>30</sup> This was indeed the same vicious cycle in late 2010 that later may have fueled the terrorist attack on a Russian airport

killing over 30 citizens of various nations.<sup>31</sup> It is time that this issue became part of our collaborative effort, as both of our nations work towards ridding the world of terrorism.

Both countries could benefit from collaboration discussing previous successful responses to racism, an issue with which the U.S. has had experience. The U.S. could benefit from learning how to prevent xenophobia similar to that of Russia's. U.S. responses to racism and Islamophobia perpetrated against American citizens of Middle East origin immediately following 9/11 also present lessons to be learned about racism, xenophobia, and intolerance in the United States.

Therefore, it remains in the interest of both Russia and the U.S. to promote cultural exchange and prevent xenophobia and discrimination, especially after violence such as terrorism. On average, over 250,000 Russian security and military forces are on the ground in Chechnya at any one time.<sup>32</sup> Within the troubled North Caucasus region, where there is rampant poverty, many radical-Islamic groups have taken hold and some support by Al-Qaeda has been reported.<sup>33</sup> Violence is not limited to that between Russia and this area but also within the area itself even though most Chechen rebels advocate not only for their own independence, but that of the entire area.

Though cases against the Russia-supported Chechen government concerning torture and illegal detainment have been brought before the European Court of Human Rights numerous times, but the government has refused to comply with 137 judgments, nor have steps been taken to prevent future abuses.<sup>34</sup>

This commission does not support critical or abrasive judgments concerning internal Russian affairs, as it is far too delicate of a subject that would require massive, multi-lateral measures, if true action were to be attempted. In reality realizing the gravity of Chechnya's role,

we must, in order to continue our relationship with Russia and work toward agreements in **any** other sectors, allow international institutions such as the UN and NATO to reconcile the Russia-Chechnya series of conflicts.

## *Youth*

### **U.S. Interests**

Russia lacks youth in higher levels of education who have corresponding employment skills, and thus moderate reforms on youth education are necessary. In Russia, compulsory education requires children between age six and fifteen to attend schools.<sup>35</sup> Youth, defined as age 15 to 24, often go through the stage of secondary and higher education. Different schoolings levels of higher education institutions in Russia are divided by age groups into university, academy, institute, non-university level college, and technical institutions.<sup>36</sup>

The Russian population has one of the highest literacy rates in the world. The youth literacy rate is 99.7%, based on 2008 data from Global Education Digest 2010 report. Russia has 82% of gross entry ratio to upper secondary education. Entrance ages are 7 and 11 for primary and secondary general programs. Comparing school completion expectancy in Russia and the United States, primary and secondary education is 10.2 years for Russia and 11.6 years for the U.S. The post-secondary education is 3.9 years for Russia and 4.2 years for the U.S.<sup>37</sup>

The data suggest that education has been placed as one of the top priorities on the Russian national agenda. Post-secondary education for youth suggests that some parallels exist between the Russian and U.S. education system. The simple figure of a homogeneously high literacy rate in Russia would be gravely misleading if not recognized in context with other

important elements of education, presenting a deceptive picture of educational structure and accessibility.

The Priority National Project “Education” as promulgated by the Russian government is charged with the task of modernizing the Russian education system. This project promotes innovative programs, new management techniques and financial mechanisms. Russia’s joint efforts with international partners on education contribute to achieving the aims of both Education for All, as well as, Millennium Development Goals (MDG).<sup>38</sup>

About 4.5 percent of 1.6 million Russian children require special education due to a variety of disability and special needs.<sup>39</sup> Such youth face significant architectural, attitudinal and financial barriers to an equal education. Children with special needs are put at an unnecessary disadvantage due to many schools inaccessible architecture, schools staff’s poor level of understanding regarding disabilities and special needs issues, and strong biases among the parents who fear educational disruption due to special needs from children with disabilities. The dropout rate among children with disability and special needs is dramatically higher than that of all other students, as only one percent of persons with disabilities and special needs continue to enroll in higher education.

The second of eight of the MDGs emphasizes the importance of universal education<sup>40</sup> The UDHR states in Article 26 “Everyone has the right to education. Education shall be free, at least in the elementary and fundamental stages. Elementary education shall be compulsory. Technical and professional education shall be made generally available and higher education shall be equally accessible to all on the basis of merit.”<sup>41</sup> Therefore, each child shall enjoy equal access to education regardless of their disabilities.

The International Covenant on Economic, Social, and Cultural Rights (ICESCR) requires signatories to implement free universal primary education, generally available secondary education and equally accessible higher education. The denial to students with disabilities reflected by their abysmally low enrollment clearly violates Article 13 of ICESCR.

The United States ranks as the second most popular destination for Russian students to study abroad. In 2008, there were nearly 5,000 Russian students studying in the United States.<sup>42</sup> The United States and Russia are strong and visible educational exchange partners. It would be in both governments clear interests to support educational goals of the MDG through exchanges.

### **U.S. Interests**

- Expand and advocate youth education rights to youth with disabilities.
- Expand educational exchange programs between Russia and the United States.
- Construct and offer more structured educational systems for youth.

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- Expand and advocate youth education rights to youth with disabilities.

While Russia maintains a very high literacy rate in comparison with other countries, the rate of youth with disabilities who are enrolled in a university is only 0.6, or 26,100 Russians.<sup>43</sup> It is necessary to provide a greater level of special staff training on accommodating special needs from youth with disabilities. The implementation is vital as the rights of people with disabilities are emphasized in various United Nations conventions,

including the recent 2006 adoption of The Convention on the Rights of Persons with Disabilities and its Optional Protocol (CRPD).<sup>44</sup>

The US should aim in assisting Russia's efforts to follow and implement the recommendations regarding activities related to civil society.<sup>45</sup> The suggestions for civil society includes "establishing thematic working groups to produce training material on the CRPD, developing resources on how to advocate for the implementation of the CRPD, advocating for and contributing to the translation of the CRPD into local languages, and realizing awareness raising and education campaigns around the CRPD."

- Expand educational exchange programs between Russia and the United States

The Critical Language Enhancement Award (CLEA) provides funding to eligible Fulbright United States student program grantees to use a foreign language for Fulbright study projects including Arabic, Mandarin Chinese, Russian, and more. After project completion, participants must continue to pursue careers that require the use of critical languages.<sup>46</sup> More funding for Fulbright programs should be encouraged to increase cultural understanding between Russia and the United States. Through this kind of cultural exchange and understanding, as proven in the past, students can bridge the gaps between two cultures and offer more interpersonal connections.

- Construct and offer more structured educational systems for youth.

Many youth who are college undergraduates find themselves unable to apply their college education into the required job training. The current Russian model of Futurussia is a great example to improve post-education plans for youth. Its mission is "the development of an

innovative environment for the progressive community of Russia's transition to a knowledge economy." Futurussia provides youth with community-based support in the natural science disciplines.<sup>47</sup> The members include successful and leading young scientists and businessmen. Similar programs should continue receive financial support from the government.

### *Labor*

#### **U.S. Interests**

This report addresses the issue of child labor and human trafficking in Russia. The Russian labor force had nearly 76 million workers in 2009.<sup>48</sup> The majority of the Russian labor force at a superficial glance appears skilled as well as educated, however, their skills are often poorly matched with the rapid-changing Russian economy.

It has been 20 years since the adoption of Convention on the Rights of the Child (CRC). Child labor is still a very relevant issue, as the UN MDGs covers aspects of child labor such as intentions to end poverty and hunger, gender equality, child health and maternal health.<sup>49</sup> With over 8% unemployment in the first quarter of 2010, Russian women and young people are clearly affected by the economic crisis.<sup>50</sup>

In the economic sense, "labor force" is defined as people who are employed as well as those unemployed who actively seek work. The unemployed group includes those who are not seeking jobs, people who are imprisoned, children who are of working age, members of the military, and discouraged workers people who have suitable skills but have given up searching for a job. The unemployment rate is the unemployed populations divided by the labor force. Within the past decade between 1999 and 2011, the official state unemployment rate averaged around 8 percent with the highest unemployment rate occurring around February 1999.

Overall Russian unemployment has increase since June 2008.<sup>51</sup> As both cities offer many foreign investment opportunities and business presence, Moscow and St. Petersburg are the most populous cities in the Russia Federation and thus unemployment information is especially relevant.<sup>52</sup>

Many laborers work up to 10 to 12 hours days, a total of up to 60 hours, despite the labor code offering a 40-hour workweek with a 24-hour rest period. Regardless of the establishment of 16 years of age as the minimum age for non-hazardous work, children as young as 15 work in apprenticeships throughout the region. Sufficient regulations and government enforcement are unable to guarantee workplace safety and worker health.<sup>53</sup>

The UDHR states in Article 23 that “everyone has the right to work, to free choice of employment, to just and favourable conditions of work and to protection against unemployment. Everyone, without any discrimination, has the right to equal pay for equal work.” The employers of child labor exploit the vulnerability and obedient nature of children and clearly disregard the equal pay for equal work standarads as many children receive little pay for child labor. The largely unprotected child labor population also breaches the UDHR section stating “Everyone who works has the right to just and favourable remuneration ensuring for himself and his family an existence worthy of human dignity, and supplemented, if necessary, by other means of social protection.”

Though article 23 of the UDHR states that “everyone has the right to form and to join trade unions for the protection of his interests” the applicability of the right of children to form and join unions has been largely debated. Children are regarded as incapable in the stage of mental, physical, and psychological development to acquire all the same rights as adults, namely those that are actualized through actions requiring the personal developments named above.

Child labor in Russia is often in opposition to the right by which “everyone has the right to rest and leisure, including reasonable limitation of working hours and periodic holidays with pay.” Vulnerable children are exploited through being subjected to long working hours in hazard conditions.

Article 10 in ICESCR states that “Special measures of protection and assistance should be taken on behalf of all children and young persons without any discrimination for reasons of parentage or other conditions. Children and young persons should be protected from economic and social exploitation. Their employment in work harmful to their morals or health or dangerous to life or likely to hamper their normal development should be punishable by law.

States should also set age limits below which the paid employment of child labour should be prohibited and punishable by law. ” With prohibition on child labor clearly stated in ICESCR, Russia shall at least attempt to largely reduce the numbers of children involved in child labor.

Several presidential programs aim to create opportunities for children’s development and protection of their rights. These programs are dedicated to the development of gifted children, the organization of summer vacation for children, protection of children whose parents are refugees or forced migrants, treatment of Chernobyl catastrophe victims, family planning, counteraction to drug abuse, and more. Based on past Russian policy, issues included in government or presidential programs receive better financing; their implementation is better controlled by the responsible government agencies; and legislative support is provided.<sup>54</sup>

Many groups of workers and laborers such as children, women, migrants, ethnic minorities, and individuals with disabilities, suffer discrimination abuse and harm in their employment.<sup>55</sup> Labor shortages are common in high-skilled job markets.<sup>56</sup>

There are approximately 140 million people in Russian Federation, which is comprised of over 100 distinct ethnic or national origins. Ethnic Russians make up about 84 percent of its population with some presence of Ukrainians, Bashkirians, Belarusians and Kalmykians. Amnesty International highlights the discrepancy between the Russian citizens who enjoy privileges of international law and the widespread human rights abuses reality. There are numerous cases of discrimination against women, children, and ethnic minorities.

Human trafficking is also an urgent issue in Russian civil society. Russia ranks among the top ten countries of origin for trafficked human beings, as widespread poverty in Russia contributes to different internal and external issues and lack of law enforcement.<sup>57</sup> An estimate of up to 4 million women and children are trafficked globally, for forced prostitution or other forms of exploitation each year. Trafficking produces annual profits of about \$7 billion dollars. Falsified employment advertisements on waitresses and domestic workers are the common way to recruit children and women.<sup>58</sup>

In response to child human trafficking, at least seven articles of the Russian Criminal Code reinforce criminal punishment for any acts related to forced sexual performances, trade in minors and the business of prostitution. Human trafficking organizations are often too complicated to be run by individuals, as the process of trafficking is difficult and complex.<sup>59</sup> Trafficking is a violation of fundamental human rights. Considering the ICCPR and ICESCR, further steps should be taken to prevent child and women trafficking.

## Critical Issues and Recommendations

- Improve the work environment for children and reinforce provisions of international agreements and legal protections against child labor.
- Expand awareness outreach programs with primary targets on low-income families that demonstrate the benefits of long-term education compared with child labor, while emphasizing its differences from healthy or necessary child work.
- Reduce child and women trafficking and eliminate false advertisement traps concerning human trafficking.
- Reinforce implementation of the Convention Concerning the Prohibition and Immediate Action for the Elimination of the Worst Forms of Child Labor (CPAEECL).

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- Improve the work environment for children and re-enforce international agreements and protections for child labor.

It is impossible to eliminate child labor immediately, due to economic constraints in many regions. Yet understanding that child labor interferes with children's education, it is in the best interests of the child that the Russian government regulates and improves overall working conditions while minimizing hazardous work conditions to diminish workplace dangers. It is important to limit the hours children have to work and set minimum ages for hazardous jobs.

- Expand awareness outreach programs with primary targets on low-income families that demonstrate long-term education benefits compared with child labor while emphasizing its differences from healthy or necessary child work.

Child labor should not interfere with children or youth education based on article 32 in the Convention on the Rights of the Child. Russia is ranked as “high risk” in Maplecroft’s Child Labor Index, which is numbered 75 out of 196 countries. The Russian Federal Labor and Employment Service (FLES) found over 10,000 cases of child labor law violations in 2008. The children often receive little pay and work in agricultural and industrial hazard working conditions.<sup>60</sup>

While it is understandable some low-income families are forced to choose child labor for their children over education to support basic family survival, it is possible to reward companies that set good examples and follow state regulations who offer healthy working conditions and limited working hours.

- Largely decrease child and women trafficking and eliminate false advertisement traps concerning human trafficking.

Trafficked children are often used as cheap labor or for sexual exploitations purpose. This situation, in part, is spurred by families search for better employment and standards of life in other countries. Many women are drawn into trafficking by false or misleading advertisements that appear to guarantee them a job. The Russian government should increase inspections on advertisement regulations especially cut out sources for people who have participated in providing false advertisement for trafficking purpose.

- Reinforce implementation on ratifications of the Convention Concerning the Prohibition and Immediate Action for the Elimination of the Worst Forms of Child Labor (CPAECL).

The worst forms of child labor for CPAECL are compulsory labor, forced child soldiers, all forms of slavery, child prostitution, and child work that harms the healthy, safety or morals of children. For the purpose of this convention, the term child applies to anyone who is under the age of 18.<sup>61</sup>

Based on an International Labor Organization survey in St. Petersburg, children often start to work at the age of 10 with girls beginning to be involve in prostitution at age 14. Many young boys are involved in child labor liketrade assistance or agricultural works.<sup>62</sup> The commission does not expect to eradicate child labor but to make tangible steps in its eventual elimination.

Through enforcement, Russia should “implement programmes of action to eliminate as a priority the worst forms of child labour,” based on Article 6 of the CPAECL. The United States should partner will Russia to “take appropriate steps to assist one another in giving effect to the provisions of this Convention through enhanced international cooperation and/or assistance, including support for social and economic development, poverty eradication programmes and universal education”, as based on article 8 of the CPAECL. Such partnerships will greatly increase alliances on both parties and largely decrease the likelihood of worst forms of child labor.

### **U.S. Interests**

After decades of an emphasis on heavy industry in the service of national security interests, post-Soviet Russia has inherited an unenviable ecological and environmental legacy. This legacy continues almost unbroken today, with the state eager to privilege economic growth and the unfettered extraction and exploitation of natural resources over the aims of combating pollution and its negative consequences for human health. While there has been some discussion over the condition of the environment, it has largely been ignored – to the detriment of civilian health and the rights of indigenous peoples who depend on natural resources. The connection between civil society and environmental degradation in Russia may not seem immediately clear. But a failure to privilege both civil society and development of natural resources with sensitivity to ecological issues share the same structural causes, namely corruption, lack of accountability of the government to individuals, and a weak rule of law.

Business interests that focus exclusively on the generation of profit operate at the expense of both local communities negatively impacted by environmental degradation, and the welfare of the environment itself. Thus, the means in achieving social justice through the development of a strong civil society are the same means of developing a well-articulated environmental ethic. Until socioeconomic conditions in the country improve, environmental protection will remain in its undeveloped infancy. The creation of a genuine civil society takes time, but a transition to a democratic civil society nevertheless requires outside assistance.

However, the government remains very hostile to what it views as “meddlesome” foreign institutions, and direct involvement in Russia’s internal affairs risks incurring suspicion and

resistance. Consequently, dissemination of information to the public remains the most important task of foreign environmental NGOs operating in Russia. The development of a civil society and environmental ethic depends fundamentally on the ability for citizens to gather information independently of state apparatuses.<sup>63</sup>

### **Critical Issues and Recommendations**

- Inadequate storage of spent nuclear fuel and radioactive waste continues to be a concern, with attention to this issue by the Russian government and other nations an imperative for preventing further danger to public health and environmental degradation in and possibly outside of Russia. The United States Department of Energy (DOE) should continue to work with Russia's National Nuclear Agency in order to reinforce storage facilities in Mayak and devise strategies to clean up the surrounding Chelyabinsk Region and relocate its remaining residents impacted by widespread nuclear contamination.
- Support the ability of NGOs to raise consciousness and pressure the government about ongoing environmental decay in the Chelyabinsk region and its ongoing consequences for human health.

For decades since the beginning of the Cold War, the Chelyabinsk Region has served as the primary location of research, development and demonstration facilities (RD&D). Due to routine discharges of radioactive waste into a dry lakebed (from which the Techa stream flows, spreading contamination) and an explosion that occurred in 1957, the region has suffered from contamination for decades.<sup>64</sup> Millions of hectares were contaminated, including villages within the region. While most residents in the region relocated to less-polluted areas, nearly 2,000

residents in the village of Muslumovo remain. Unlike other inhabitants in the region, these individuals are largely poor, have few job opportunities and lack formal education. While levels of radioactive emissions have decreased, local rivers, streams and fish, an important food source for local people, remains contaminated.<sup>65</sup>

For years, officials from the Russian Nuclear Ministry Agency and the Ministry of Public Health refused to take any steps but the most minimal – possibly due to the hope that those most affected would leave voluntarily without any further government involvement. Beginning with the high-profile Chernobyl accident, environmental degradation and its affect on human health has received more attention in the form of independent media coverage and the involvement of various NGOs, including the Socio-Ecological Union and Greenpeace, in organizing surveys examining the contamination of locally grown food, local water supplies, scientific surveys of contaminated areas. They have conducted medical examinations of Russian residents in the hopes of strengthening public outcry against nuclear power for civilian uses and forcing the government to enact cleanup efforts.<sup>66</sup>

In response to this international criticism, the Russian government has responded primarily in three ways. First, it has insisted that risks to local populations are minimal as long as populations follow certain guidelines (no livestock in contaminated areas, no fishing or hunting). Second, the government has criminalized anti-nuclear protest activities, with protesters arrested and incarcerated by the Federal Security Service.

In order to claim legitimacy for its efforts in further prosecuting those who criticized the state on this issue, the government also enacted legislative protections to formally silence ridicule. Russian President Boris Yel'tsin in October 1997 signed into law a bill that establishes all information on nuclear waste a state secret.<sup>67</sup> Finally, the state prefers to treat the public and

environmental ramifications as a technical issue, obscuring the political components of social and environmental injustice.<sup>68</sup>

No agreement on a final cleanup or remedial solution has been reached. While some residents have been relocated by the National Nuclear Agency, the conditions of resettlement are unsatisfactory to most and no agreement on a final cleanup or remedial solution has been reached. The areas for relocation are usually one to two miles away from the original site and still well within the bounds of contaminated areas. In addition, the government has failed to take the input of local people into account in designing low-quality housing with a private-public partnership in the construction of this housing even raising questions about corruption.<sup>69</sup>

- Russia should join Denmark, Estonia, Finland, Germany, Latvia, Lithuania, Poland, and Sweden in designating its Baltic waters as a Particularly Sensitive Sea Area (PSSA) governable by the International Maritime Organization (IMO).
- Improve the State Environmental Protection Watch's authority and oversight to the extent that it may dramatically increase fines and economic sanctions against industrial plants in St. Petersburg guilty of illegally discharging wastewater into St. Petersburg's Neva River.

The Baltic Sea remains one of the world's largest brackish bodies of water, and unfortunately, also one of the world's most polluted and vulnerable to environmental degradation, due to a large and growing volume of maritime transport.<sup>70</sup> The international nature of the Baltic, and lack of comprehensive legislation, makes addressing transnational environmental issues particularly challenging. Nine countries border the Baltic, including Denmark, Estonia, Germany, Finland, Sweden, Latvia, Lithuania, Poland and Russia. Although

eight of these nine countries are members of the European Union, a disjointed, patchwork nature of oversight defines the governance of the Baltic.

While members of the European Union all share the same environmental legislation, and remain equally accountable to it, Russia's substandard environmental ethic in this area prompts frustration and makes resolving transnational environmental issues very problematic, with EU countries having little to no leverage over Russia on the issue.

Pollution in the Baltic remains an ongoing problem, with oil transport and a gas pipeline the primary sources of pollution. In recognition of the Baltic Sea's unique ecosystem and vulnerability, Denmark, Estonia, Finland, Germany, Latvia, Lithuania, Poland, and Sweden joined the International Maritime Organization (IMO) as signatories in 2005 to designate their collective waters as a Particularly Sensitive Sea Area (PSSA).<sup>71</sup> The IMO acts as a United Nations regulatory agency empowered with the administrative and legal authority to ensure shipping safety and prevent marine ecosystem pollution as consequence of oil discharge. Russian oil exports have been cited as an environmental threat in recent years, with the PSSA a possible method of strengthening regulation in the region.<sup>72</sup> Despite Russia's role as the primary contributor to pollution in the Baltic and continued requests to apply, Russia has refused PSSA status for its Baltic waters, with the situation serving as another example of the interests of industry taking precedent over the interests of the environment. With Russia's economy remaining highly dependent on oil, this priority is far from surprising.

St. Petersburg, Russia's second largest city, is the prime offender in terms of pollution, with nearly three million tons of waste water flowing into the city's River Neva on a daily basis. An estimated two-thirds of this wastewater remains untreated, flowing directly into the Baltic Sea and wreaking ecological havoc as well as posing a threat to human health for all other

nations bordering the Baltic.<sup>73</sup> Illegal discharges account for some of the pollution, but St. Petersburg's aging and overburdened treatment facilities also remain accountable.

Corruption likely lies behind the majority of illegal discharges from industrial plants, with offending companies preferring to pay fines ranging from 20,000 to 40,000 rubles rather than installing much costlier filtration systems.<sup>74</sup> Pollution from the Neva River has dangerous consequences for human health. Fish caught from the Neva River have tested extremely high in concentrations of lead, arsenic, and copper.<sup>75</sup> Contamination of fish in the Neva extends to other specimens in the Baltic Sea at large, with the concentration of dioxin in the Sea and coastal areas so high that the Swedish government has advised Swedish women not to eat its herring.<sup>76</sup>

Due to an increase in demand for petroleum since the beginning of the new millennium and heavy reliance in Western Europe on this energy source, Russia maintains an upper hand and can successfully resist any efforts to regulate its shipping practices too closely.<sup>77</sup> Russia's lack of interest in the environmental viability of the Baltic is further compounded by its short coastline along the Baltic and consequently limited exposure to consequences of pollution.<sup>78</sup>

Unfortunately, regulation of the Baltic Sea involves a conflicting set of interests, putting the common good of a healthy marine ecosystem and its benefits to human health in direct opposition with interests of industry and shipping. Unfortunately, as long as both Russia's economy and the energy interests of the EU remain heavily dependent on petroleum, it is unlikely that Russia will cooperate in the near future by becoming a signatory of the PSSA or work multilaterally towards extending environmental protections.

- Encourage efforts to promote ‘forest certification’ through the Forest Stewardship Council, which would require a third-party to inspect firms in the timber industry to ensure that extraction meets a number of ecological and social criteria.

Although exploitation of the natural resource sector was responsible for more than a third of economic growth between 1999 and 2004, resource extraction is consequently also the source of much of Russia’s environmental degradation, including massive deforestation and the uncontrolled harvesting of timber by legal and illegal means.<sup>79</sup> Russia hosts vast forest resources, and serves as one of Europe’s last remaining vast intact forest landscapes.

However, large forested areas remain intact largely due to their inaccessibility, and not as a result of any deliberate environmental protection policy on the part of Russia.<sup>80</sup> Although official statistics indicate that the rate of timber extraction has slowed since its peak at the end of the Soviet period, an alarming amount of illegal harvesting takes place, with the full ecological consequences of these actions consequently unknown.<sup>81</sup> Nevertheless, illegal logging is estimated to account for 10-30% of all logging in Russia, with critics blaming decentralization in forest management and poor oversight as two possible causes.<sup>82</sup>

Environmentalists have focused their attentions on the most recent Forest Code drafted in 2006. They remain disappointed in the Code’s privileging of natural resource exploitation over sustainable forest management. Emphasis on extraction was quite evident to critics from the beginning of the revision process, and the “drafters seemed to be quite honest about their objectives concerning the new forest code: the economy comes first and ecology second.”<sup>83</sup> In addition to a lack of ecological awareness, drafters of the most recent Forest Code threatened the interests of civil society by not responding to concerns over questions of private and communal ownership.

According to critics, the “bills did not seem to evolve and improve; rather, every new draft was a new surprise by which the drafters endeavored to win the approval of the government and the president.”<sup>84</sup> Clearly the drafters felt responsible solely to the government, and not to the local communities that the Forest Code promised to impact, indicating a lack of governmental accountability essential to the functioning of a well-articulated civil society. As with other similar questions, utilization of natural resources clearly trumps that of sustainability, with government’s approach to forest management perhaps best characterized by the phrase, “Great power with endless forests.”<sup>85</sup>

Despite the many reasons for cynicism, environmentalists have been somewhat successful in their campaign for forest certification in the northwestern regions of Karelia and Komi. In comparison, efforts in the far eastern regions of Primorskii Krai and Khabarovskii Krai have met with much less success.<sup>86</sup> A disparity in consumer preferences and education remains the most plausible explanation for this difference. While timber hailing from Western Russia is most likely bound for consumers in Europe, timber harvested in the far eastern regions is destined for the Chinese market. On the whole, European (particularly Finnish) consumers are reasonably educated and informed about the importance of sustainable forest management and consequently often demand Forest Stewardship Council (FSC) certified products. In comparison, the Chinese supply chain remains so opaque as to make certification of a final product nearly impossible.<sup>87</sup>

## *Health*

### **U.S. Interests**

Bilateral health collaboration is the next step in the new “reset” approach of U.S.-Russia foreign policy. By opening up lines of communication and maintaining numerous avenues of dialogue on shared health issues, the U.S. and Russia can forge a partnership aimed at improving the lives of its citizens. While health challenges in Russia are unprecedented for an advanced industrial society, respectful U.S. engagement will avoid condescension and focus on commonalities, seeing that there are many. Russia and the U.S. share some of the highest incarceration rates in the world and the concentration of individuals with illnesses (ranging from mental disorders and drug addiction to infectious diseases) in the penal system create a unique opportunity to tackle health problems. Furthermore, the U.S. and Russia can help one another by finding ways to promote healthier and safer lifestyles for their citizens, and work together on research and development to combat the spread of infectious disease.

### **Critical Issues and Recommendations**

- The Russian and U.S. governments should implement educational peer training programs for inmates aimed at disease prevention.
- A social program should be implemented which bridges the gap between prison and civilian health services and social protection institutions in both countries..
- Research and development on inmates and prisons should be promoted by state funding and encouraged in university settings.

- The Russian and American governments should sponsor programs aimed at healthy lifestyle choices, with emphasis on substance abuse prevention.
- Joint R&D between U.S. and Russian medical experts should focus on increasing the surveillance, prevention and management of infectious diseases.

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- The government should implement educational peer training programs for inmates aimed at disease prevention.

The prevalence of HIV and other infectious diseases are typically higher among prison populations than in surrounding communities. Risky behaviors occurring in prison such as drug injections, tattooing, and unprotected sexual activity increase the likelihood of disease transmission.<sup>88</sup> Accordingly, prisons are an ideal setting for disease education and prevention. Due to poverty and lifestyle, uninfected inmates in the penal system are highly susceptible to HIV, viral hepatitis and sexually transmitted diseases.<sup>89</sup> Not including tuberculosis, the rates of major mental illness, sexually transmitted disease, viral hepatitis, HIV infection, and other chronic illness of inmates in the U.S. and Russia are comparable.

For example, in 1996, 17% of HIV-infected Americans passed through a correctional facility; 12-15% of those with hepatitis B and 30% with hepatitis C infection were released; and an estimated 35% of Americans with active tuberculosis were released inmates.<sup>90</sup> In Russia, there has been an increase in the number of HIV infected convicts, reflecting the situation in the Russian population as a whole.<sup>91</sup> By late 2002, the registered number of persons in the Russian penal system living with AIDS exceeded 36,000 (4% of the prison population), and accounted for about 20% of the known burden of AIDS in Russia.<sup>92</sup>

The incarceration process should include a system in which inmates are not only screened, treated, and immunized against diseases but also educated about disease transmission. In 2000, Médecins Sans Frontiers (MSF) implemented an HIV educational program in Russian prisons.<sup>93</sup> The results of this program showed that inmate knowledge of HIV transmission improved after the peer training program.<sup>94</sup> A significantly higher proportion of inmates reporting increased knowledge of how HIV can and cannot be transmitted.<sup>95</sup> The distribution of educational materials and training peer educators can be a cost-effective way to educate a population that is difficult to access outside of prison. The Russian and American government should implement programs similar to the MSF educational programs to improve prison health (and ultimately, public health) in a cost effective manner.

- A joint social program should be implemented which bridges the gap between prison and civilian health services and social protection institutions.

A wide range of public health interventions and prevention methods could potentially be implemented in the penal system in order to help inmates, many of whom are drawn from a population that has existed on the margins of society with little or no social support. For many inmates, imprisonment is one of a few opportunities to obtain much needed health care and counseling. Seizing imprisonment as an opportunity to improve health outcomes will not only benefit the inmates, but also the public.

In U.S. prisons, one out of every seven inmates has a major mental illness such as schizophrenia, bipolar disorder, depression, or post-traumatic stress disorder<sup>96</sup>. In 2012, Russian prisons diagnosed 14% of the inmates with psychiatric diseases (not including drug addiction).<sup>97</sup> In addition to mental illness that exists prior to imprisonment, it is also important to recognize

that adapting to prison life and conditions is often extremely difficult, frequently resulting in depression and anxiety.<sup>98</sup> It does not make sense to treat illnesses without a plan for continuity of care. Continuity of medication is especially critical for those with diseases like tuberculosis and HIV, where medication lapses can cause drug resistance, and for mental illness where medication lapses can lead to re-incarceration.

The medical care for inmates varies from place to place, but the overall consensus is that there are insufficient resources to take full advantage of public health opportunities for this high-risk and vulnerable group. Inmates in the U.S. and Russia are released without adequate health care coverage and linkages to medical care, mental health, and public health services.<sup>99</sup> Inadequate linkages means that many inmates leave prison with untreated mental illness, inadequately treated chronic disease, and communicable disease.

This poses public health and public safety risks and also has economic consequences for the community. A social program should be implemented that links correctional systems, public health departments, and community organizations. These links are often poorly developed and interaction between prisons and social health services and institutions is particularly important to ensure continuity of treatment.<sup>100</sup> Health benefits should be extended for inmates reentering society in order to provide continuity of medication and affordable access to care.

- Research and development on inmates and prisons should be promoted by state funding and encouraged in university settings.

Both the United States and Russia have insufficient valid and reliable data on the health status of prison inmates because of inadequate surveillance and research.<sup>101</sup> There is insufficient information on what works and what does not work in prisons. Data on how prison systems compare in performance and what sort of cost-effective interventions have been successfully executed is crucial in improving the health outcomes of incarceration. Increased research via surveillance systems and performance measurement is needed to measure and compare the performance of prison systems. Further research in this area might help shape public policy and decrease recidivism and decrease economic costs to the community.

- The Russian and American governments should sponsor programs aimed at healthy lifestyle choices, with emphasis on substance abuse prevention.

Much of the Russian and U.S. mortality rate can be attributed to non-communicable diseases that could be overcome quickly if personal habits were altered. In 2005, the World Bank reported that cardiovascular diseases, cancer, and injuries account for 78% of deaths in Russia.<sup>102</sup> In the U.S., tobacco use accounts for 435,000 deaths, poor diet and physical inactivity accounts for 365,000 deaths, and alcohol 85,000 deaths.<sup>103</sup> High blood pressure, high cholesterol, and tobacco are the three leading risk factors.<sup>104</sup>

In 2005, then President Vladimir Putin acknowledged that 40,000 Russians died each year from alcohol poisoning and introduced legislation to curb the sale of surrogate alcohol.<sup>105</sup> Nonetheless, far bolder measures are needed to reduce the estimated 600,000 deaths a year in Russia caused by alcohol.<sup>106</sup> Organizations such as Healthy Russia Foundation are slowly

making progress in substance abuse prevention through the implementation of training programs for health-care professionals on unfamiliar topics such as psychosocial support, rehabilitation for drug users and community mobilization.<sup>107</sup>

According to program director, Sergey Frolov, “People in Russia are better educated, than, say, people in Africa, about HIV and drug use, but we have a real problem with transforming knowledge and attitudes into changed behavior”.<sup>108</sup> Education in isolation is ineffective in combating poor lifestyle choices. Prevention includes high taxation, drunk driving legislation, banning advertising, and limiting availability (coupled with action against illegal production). The Russian government should sponsor programs aimed at a holistic approach to prevention that work on education, policy, and the media.

- Joint R&D between U.S. and Russian medical experts should focus on increasing the surveillance, prevention and management of infectious diseases.

Collective dialogue about health system reform and combating infectious disease can benefit the U.S., Russia, and third parties. Dialogue can explore programs and strategies focusing on common health challenges in order to capitalize on the strengths and talents of both sides.<sup>109</sup> Collaboration on shared priorities in health related research and the strengthening of activities related to disease control, treatment and prevention, and emerging technologies in the field of health care can potentially inspire creative thinking about Russia’s own imperatives in these areas.

Steps in this direction have already been taken and should be commended. As part of USAID’s Strategic Health Partnership Initiative, American and Russian laboratory specialists are to be deployed jointly to third countries to strengthen their capacity to address HIV/AIDS, TB,

and other infectious diseases.<sup>110</sup> The partnership will sponsor a clinical and transnational research-training program in Russia.<sup>111</sup> There will also be additional resources for Russian scientists who are accepted into the NIH Visiting Fellows Program. The UN Development Program (UNDP) in Russia, is currently hiring staff to help prepare Russia's Overseas Development Assistance Program on HIV/AIDS in the CIS countries, part of UNDP's overall preparatory assistance project on support to Russia as an emerging donor.<sup>112</sup> Joint R&D between U.S. and Russian medical experts on infectious diseases will help these countries share best practices, improve health outcomes outside their borders, and potentially inspiring creative thinking on domestic issues.

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## **Regional Issues (The Steering Group)**

### **Critical Issues**

Issues in the Near Abroad, Middle East, and South America present the U.S. with an opportunity to pursue a foreign policy that will not only improve relations with the countries in those regions, but will also further improve US-Russian relations. The countries examined in the area of regional issues are Afghanistan, Georgia, Iran, and Venezuela. Each country has its unique set of issues and thus presents the US with individual challenges.

In the case of Afghanistan, the US and Russia have the shared goal of preventing the Taliban from reasserting power in the country, while in Venezuela the US's interests diverge drastically from Russia's desire to build a strong relationship based on arms sales and the vision of a multipolar world. The threat of Iran acquiring nuclear arms will require the united and cooperative front of the U.S. and Russia to minimize the possibility of this occurrence. Finally, Georgia holds the potential of demonstrating the success of the US's policy of democracy promotion, but it also presents the US with the challenge of working to improve Russian-Georgian relations after they reached a recent low in the 2008 military conflict between the two countries. Thus all the countries offer unique challenges to the US and require US-Russian relations to continue improving.

Both the US and Russia have vested interests in preventing the return of the Taliban to power by promoting peaceful transition to a self-sufficient Afghan government. Both the US and Russia seek to prevent violent extremists from obtaining power and thereby threaten both local and global security. This can be accomplished by restoring Afghanistan's decimated infrastructure through collaboration and cooperation of the US and Russia. These areas include

training local Afghan security personnel, finding solutions for ground and air transit for supplies and personnel to Afghanistan, and increasing efforts to combat the narcotic production and trade in Afghanistan.

Since the August 2008 war between Georgia and Russia, the tension between the two countries has remained high. Georgia holds the potential for a successful democracy, which would be beneficial to the U.S.' policy of democracy promotion, but for this possibility to be achieved Georgia requires significant support from the U.S. towards rebuilding its economic infrastructure and support for democratization of its government. The U.S. also faces the challenge of Georgian-Russian relations being marked by animosity. Improving relations with both Russia and Georgia, support of Russia's membership in the WTO, improving the dialogue between Russia and NATO, and supporting Georgia in its attempt to rebuild its country will all serve to ameliorate Georgian-Russian relations and further improve US relations with both Russia and Georgia.

Russia's cooperates with Iran on nuclear, political, and economic levels, making Russia the key country in any attempt to deter Iran from acquiring nuclear weapons. Moscow's relatively positive relationship with Tehran provides disincentives for Russia to take bold action against Iran, but it also provides the Security Council grounds for pursuing sanctions in order to gain leverage against Iran. The situation presents difficulties for U.S. foreign policy: Washington must court Moscow enough to secure its participation in international efforts to deter Iran while not appearing to bully Moscow into giving up a beneficial relationship. Seeking Moscow's help to minimize the threat of Iran acquiring nuclear arms presents one of the foremost policy challenges that the U.S. will face in the immediate future.

Since the collapse of the Soviet Union and the subsequent loss of international partners sharing a similar ideology as the Soviet Union, the Russian Federation has looked to Latin American countries as potential partners. Russia has been especially interested in Venezuela and Russian President Dmitry Medvedev and Venezuelan President Hugo Chávez have established a strategic partnership which could endanger American interests.

Both Chávez and Medvedev envision a multipolar world with American influence reduced in Latin America. Chávez and Medvedev have forged a relationship based on arms sales and the desire to build a multipolar world and counteract U.S. influence. Russian arms in Venezuela destabilize neighboring nations and are questionable for Venezuela to attain when there is no direct threat. American interests, namely Venezuelan oil, are in danger if Chávez and Medvedev further strengthen their relationship in terms of arms and ideology.

### **U.S. Interests**

- Move towards a transition of responsibilities for both Russia and the United States in maintaining security in Afghanistan and training the Afghan national security forces
- Reaffirm support to those Afghan officials who pursue political goals peacefully
- Reach an agreement to increase the volume of NATO supplies to Afghanistan through Russian territory
- Encourage Russian officials to increase the usage of the Russian airspace to transport supplies and personnel as outlined in the deal signed in the July 2009 Obama-Medvedev Summit
- Encourage the improvement and continuous partnership about Afghanistan between Russia and NATO

- Expand usage of the U.S. Manas airbase in order to facilitate the movement of cargo and personnel in anticipation of President Obama's surge in troops
- Enlist Russia's help in training and equipping anti-narcotics specialists as well as border officials in Afghanistan, Pakistan and neighboring Central Asian countries to curtail both internal and external drug flows
- Increase international cooperation to curtail the narcotics trade through increased involvement with the Shanghai Cooperation Organization (SCO), the Collective Security Treaty Organization (CSTO) and the International Security Assistance Force (ISAF).
- Collaborate in intelligence for information sharing and joint investigations in the Northern Route drug trafficking organizations.
- Reduce the illicit financial flows linked to the drug trade.
- Present alternative solutions to eradicating crops in diminishing the production of opium in order to foster a sustainable solution
- Create alternative means of employment by developing the agricultural sector
- Support Georgia in ways that will foster its democracy. Focus should be placed on supporting freedom of press, implementing changes to the constitution, fair elections, promoting the rule of law, and human rights.
- Help Georgia gain relative economic independence from Russia.
- Make clear to Georgia that US support of Georgia's ambitions for NATO membership must be contingent on the implementation of comprehensive democratic reforms and avoidance of increased tensions with Russia.
- Assist Georgia and Russia in the process of advancing towards a state of peace.

- Refrain from providing military assistance to Georgia while offering economic assistance.
- Support Russia's accession into the World Trade Organization (WTO).
- Strive to advance a cooperative relationship between Russia and NATO.
- Permit a strong Russian-Iranian relationship in regional diplomacy and non-military trade.
- Maximize cooperation and amiable relations between U.S. and Russia concerning Iran.
- Continue negotiations through the S5+1, while implementing if necessary sanctions through the Security Council.
- Expose the Venezuelan authoritarian regime and raise awareness of the importance of a new strategy to counter the existing threats.
- Consider jointly funding or requesting research from Latin American think-tanks regarding their relationship and knowledge about government affairs in Venezuela.
- Sustain Venezuelan civil society and the ability for civilian dissidence by maintaining person-to-person contacts such as exchanges and public diplomacy outreach programs.
- Collaborate with international organizations such as the United Nations Human Rights Council to keep Chávez's power in check. .
- Help Chaves dictator hasten his own political demise by understanding his psychological profile.
- Enhance security cooperation that has declined since the end of the Cold War to counter new threats, such as transnational crime, and boost scrutiny of Venezuela's diplomatic and military actions.

- Strengthen U.S. support for democratic and market institutions in Latin America to keep poor countries in the region from sliding toward economic decline and, ultimately, authoritarianism.
- Significantly increase collaboration with international partners to monitor and gather intelligence about the existing partnership between the Venezuelan regime and state sponsors of terrorism, and expose the Bolivarian/terrorist connections.
- Reduce American dependence on foreign state energy monopolies by allowing market prices to encourage exploration elsewhere and technological breakthroughs. Do not remain dependent on foreign oil from a state whose energy future is unclear due to authoritarian rule.
- Increase funding for research into alternative energy methods in the United States which will allow the United States to be self-sufficient.
- Prioritize Latin America as a concern that needs to be addressed in devising foreign policy in order to prove to other Latin American nations that the region does offer benefits to the United States.

### *Afghanistan*

#### **U.S. Interests**

The 1979 Soviet invasion of and consequent war in Afghanistan continues to cause strains in relations between Afghanistan and Russia. The former Soviet Union used military force to install a pro-Soviet communist regime, which ultimately failed and led to a period of civil war, and the subsequent uprising of the Taliban. The war, which lasted until the Soviet

withdrawal in 1989, was largely considered a terrible mistake and a major cause of the collapse of the Soviet Union. In many ways, this war continues to shape the decisions of Russian policy towards Afghanistan.

In a 2008 meeting between the Russian and Afghan governments, Afghan President Hamid Karzai and Russian President Medvedev both advocated opening a new page in relations in light of both countries facing many similar threats and problems.<sup>1</sup> A Protocol for Consultations between the Ministries of Foreign Affairs of the Russian Federation and the Islamic Republic of Afghanistan was signed to cover the period from 2011 to 2015. As Russian Foreign Minister Sergey Lavrov described, “This is the first document of its kind between our two countries. It reflects a mutual interest in greater coherence of our actions on regional and international affairs.”<sup>2</sup> Russia currently provides some foreign assistance and investment to Afghanistan, but has withheld sending military forces. Russia’s investment and involvement in the affairs of Afghanistan is high, as it has been the host of the Shanghai Cooperation Organization conference on Afghanistan, counterterrorism, and counter-narcotics in March 2009, an event attended by both U.S. and NATO observers.

Following the September 11 attacks, Putin supported the U.S. decision to wage war in Afghanistan, which was seen as a departure from the Kremlin’s prior Soviet policy to treat foreign relations with the United States as a zero-sum game. The central goal in President Obama’s foreign policy is winning the war in Afghanistan. The cooperation of US and Russia in the current war in Afghanistan is vital to this success, and the partnership between the US and Russia has the possibility to greatly improve conditions for the future transition to a peaceful, independent Afghan government.

In fact, the foreign policy issues faced in Afghanistan are largely shared by the US and Russia, and are an area in which collaboration is highly beneficial for both states. The recent warming of US-Russian relations has resulted in many beneficial collaborations and agreements concerning Afghanistan. Russia has played a constructive role in this effort. However, further efforts can be made. In the July 2009 Moscow Summit, both Medvedev and Obama declared their shared interest in stabilizing Afghanistan in order to prevent the spreading of extremism and the flow of narcotics. The Russian government also offered to assist in key assistance issues, including the training of counternarcotics personnel and efforts to restore Afghan infrastructure.<sup>3</sup> Both leaders understand that the uprising of Afghan Islamic extremists would heighten the threats of terrorism and illegal drug trafficking to new dangerous levels.

Furthermore, the US holds interests in gaining Russian assistance in important logistic operations in Afghanistan, most importantly in gaining air and ground transportation through Russian territory, and continuing usage of the Manas airbase, located in Kyrgyzstan. Additionally, the US looks to gain a partnership in combating the flow of narcotics from Afghanistan, which threatens international peace and security.

The Obama Administration's decision to send an additional 30,000 troops to Afghanistan has also caused numerous logistical challenges. Afghanistan is land-locked, making moving personnel and material through the war zone extremely difficult. Additional challenges include a complete lack of roads for transportation needs, an inhospitable terrain, and a power structure that is highly decentralized. Currently, most of the equipment and fuel transported to Afghanistan goes from the port of Karachi in Pakistan through the Khyber Pass and into eastern Afghanistan.

However, the Khyber Pass is located just an hour away from Peshawar, the capital of the Northwest Frontier Province and a dangerous city of high insurgent activity. The high level of insurgency has consequently caused many attacks on supply convoys, and subcontractors often must bribe local Taliban to cross the border. Essentially the US military has no option but to transport crucial supplies through enemy territory, and by doing so, it indirectly enriches the enemy.<sup>4</sup> The growing Pakistani branch of the Taliban threatens the shipment of supplies to Afghanistan. In fact, the US and their allies currently lose up to 200 trucks per month in Pakistan.<sup>5</sup>

Each month, upwards of 30,000 troops travel through Manas to Afghanistan, and its continual operation is critical to the recent surge in American troops. The improvement in post 9/11 relations between the US and Russia are believed to have opened the opportunity for the U.S. to gain access to the former Soviet territory, however the Kyrgyz government has increased rent and has expressed discontent with American presence in the former Soviet territory. U.S.- Russian relations are important in keeping this transit center open, as Russia's interest in maintaining influence in the Central Asian region can threaten the American presence there.

### The Production and Trade of Narcotics

The flow of narcotics from the territory of Afghanistan undermines international security. Afghanistan continues to be the world's largest producer of opium poppy and a major source of heroin. In 2009, Afghanistan produced more than 90 percent of the opium gum used to manufacture heroin worldwide, at an estimated 2.8 billion dollars.<sup>6</sup> The illicit industry threatens and undermines efforts to establish Afghan security, governance, and a licit economy. Narcotics traffickers exploit the country's weakness and corruption. The funds gained from the trafficking

of narcotics have allowed the insurgency to further develop its technical and military operations, weakening overall stability in the area.

The large connection between narcotics trade corruption and the insurgency is continuously growing. Poppy cultivation is mainly active in the southern region, where security problems severely retard counternarcotics efforts, due to elements of insurgent activity. Traffickers pay taxes and provide vehicles, weapons and shelter to insurgents, who in turn provide protection to growers and prevent the newly established Afghan government from interfering with the illegal activities. Insurgents extract an estimated \$125 million in taxes from opium farmers and traders.<sup>7</sup> Increased cooperation in combating the drug production and trade in Afghanistan will in turn also weaken insurgent power, and improve the development of the licit economic sector.

### **Critical Issues and Recommendations**

- Move towards a transition of responsibilities for both Russia and the United States in maintaining security in Afghanistan and training Afghan national security forces in order to independently defend the country from both internal and external threats.
- Reaffirm support to those Afghan officials who pursue political goals peacefully
- Reach an agreement to increase the volume of NATO supplies to Afghanistan through Russian territory
- Encourage Russian officials to increase the usage of Russian airspace to transport supplies and personnel as outlined in the deal signed in the July 2009 Obama-Medvedev Summit

- Encourage the improvement and continuous partnership about Afghanistan between Russia and NATO
- Expand usage of the US Manas airbase in order to facilitate the movement of cargo and personnel in anticipation of President Obama's surge in troops
- Enlist Russia's help in training and equipping anti-narcotics specialists as well as border officials in Afghanistan, Pakistan and neighboring Central Asian countries to curtail both internal and external drug flows
- Increase international cooperation to curtail the narcotics trade through increased US and Russian involvement with the Shanghai Cooperation Organization (SCO), the Collective Security Treaty Organization (CSTO) and the International Security Assistance Force (ISAF).
- Collaborate in intelligence for information sharing and joint investigations in the Northern Route of drug trafficking organizations.
- Reduce the illicit financial flows linked to the drug trade.
- Present alternative solutions to eradicating crops in diminishing the production of opium in order to foster a sustainable solution
- Create alternative means of employment by developing the agricultural sector

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- Move toward a transition of responsibilities for both Russia and the United States in maintaining security in Afghanistan and training Afghan national security forces.
- Reaffirm support to those Afghan officials who pursue political goals peacefully

Fundamentally, both the US and Russia have vested interests in promoting a more stable and self-sufficient Afghanistan. The national interests of Russia and its surrounding neighboring countries would be severely threatened with an early pullout of U.S. forces. The Taliban and the Al Qaeda are the most significant, but not the only, extremist groups in Afghanistan. Similar groups that are also transnational and hold radical Islamic beliefs include the Islamic Party of Gulbuddin Hekmatyar, the Islamic Movement of Uzbekistan, and the Haqqani network. They severely threaten global security, and more directly Russia's Central Asian allies. It is of utmost importance to build on past US-Russian collaboration in Afghanistan, in order to promote a peaceful, democratic, and stable transition of power to Afghan authorities. The increased security of Afghanistan, both internally and externally is absolutely essential to the ability of Afghanistan to emerge as a functioning independent nation.

- Reach an agreement to increase the volume of NATO supplies to Afghanistan through Russian territory

In February of 2009, NATO and Russia reached an agreement to include Russian territory in the transit of non-lethal supplies in the Northern Distribution Network. In April 2009, a rail route through Russia and Kazakhstan to the Uzbekistan-Afghanistan border was opened, allowing the transport of nonlethal materials to Afghanistan in as little as nine days. This route offers many benefits, including transit through relatively stable countries, a greater transparency

of the transactions, and the arrival of the goods in the North of Afghanistan, where insurgency levels are lowest. The transportation of NATO equipment and supplies through Russian territory, especially rail, has greatly reduced the cost of shipments and allowed the US to avoid hazardous routes through Pakistan.

However, 60 percent of supplies still travel through routes in Pakistan. Therefore an arrangement for more vehicles to go by rail through Russia should be organized in order to further increase international security and provide a safe option to transfer necessary supplies to Afghanistan. Currently, one-quarter of nonlethal supplies travel through Russia to reach Afghanistan.<sup>8</sup> Over 41,000 personnel and 9,000 rail containers of valuable cargo have been transported to Afghanistan through these travel routes, and the possibility of increasing the volume of ground transit is a top US priority.<sup>9</sup>

- Encourage Russian officials to increase the usage of the Russian airspace to transport supplies and personnel as outlined in the deal signed in the July 2009 Obama-Medvedev Summit
- Encourage the improvement and continuous partnership about between Russia and NATO

In the July 2009 summit, Presidents Obama and Medvdev signed a deal allowing 4,500 flights a year over Russian airspace for lethal materials headed to Afghanistan. This agreement has been vital to bringing in troops and supplies for the surge in troops President Obama ordered as a result of his review of our efforts to secure and stabilize Afghanistan. The agreement with Russia is of great interest to the US, as it will save an estimated \$133 million in fuel, maintenance and other transport costs.<sup>10</sup>

However, consistent political barriers from the Russian bureaucracy, including procedural and technical difficulties that stem from a military bureaucracy that is fundamentally Soviet in structure, mindset and operation, have plagued the implementation of this agreement.<sup>1</sup> Additionally, the relations between Russia-NATO are sometimes unstable and their weakening would be detrimental to the increased logistical cooperation and assistance between the US and Russia..

- Expand usage of the US Manas airbase in order to facilitate the movement of cargo and personnel in anticipation of President Obama's surge in troops

Additionally, the US airbase located in Manas, Kyrgystan, is an important component to American strategy in the logistics of the war. Due to Russia's interests in maintaining influence in Central Asia, it has complicated U.S. efforts to maintain air bases in Central Asia that are used in operations against the Taliban and al-Qaeda.

In 2001 the US Manas airbase was established in Kyrgyzstan, which serves as a critical facility for operations in supply, logistics, troops rotations and refueling aircraft. In the increasing threat of transporting supplies through Pakistan, the Manas airbase has become increasingly important to maintain.

- Enlist Russia's help in training and equipping anti-narcotics specialists as well as border officials in Afghanistan, Pakistan and neighboring Central Asian countries to curtail both internal and external drug flows

An estimated 2.5 million heroin addicts in Russia are sustained by the high volume of drug trade stemming from Afghanistan. The majority of the heroin enters Russian territory through the north into Tajikistan and Turkmenistan, across Kazakhstan. The Counternarcotics Working Group established by the recent U.S.-Russia Bilateral Presidential Commission has committed to expanding cooperation in order to reduce the volume of narcotics grown in Afghanistan, as well as the volume of narcotics that flow from the territory of Afghanistan. Recently, US- Russian shared intelligence has led to successful drug raids. In October of 2010, Russian and American agents joined together to seize \$55.9 million worth of heroin, as well as 345 pounds of opium.<sup>11</sup>

- Increase international cooperation to curtail the narcotics trade with increased involvement with the Shanghai Cooperation Organization (SCO), the Collective Security Treaty Organizaton (CSTO) and the International Security Assistance Force (ISAF).
- Collaborating in intelligence for information sharing and joint investigations in the Northern Route drug trafficking organizations.

More political pressure from Russia and the surrounding countries would be beneficial in fostering an institutional capacity, as well as increased efforts aimed at the central and provincial levels required to decrease cultivation and combat trafficking. The importance of regional organizations, such as the Shanghai Cooperation Organization the Collective Security Treaty

Organization (CSTO) and International Security Assistance Force (ISAF) would be beneficial in creating this institutional capacity. This would enhance the ability of Russia and the United States as well as other countries to create a joint operation in the interdiction of trade channels and the sharing of intelligence to target drug traffickers on the Northern Distribution Route.

- Reduce the illicit financial flows linked to the drug trade.
- Present alternative solutions to eradicating crops in diminishing the production of opium in order to foster a sustainable solution
- Create alternative means of employment by developing the agricultural sector

In 2009, it was reported that over 1.5 million Afghans are involved in the production of 6,900 tons of opium in 2009.<sup>12</sup> This typically occurs in areas where the anti-government insurgency is high, as the production of opium provides reliable employment. US-Russian policy regarding the control of the growth of drugs has differed. Russian policy supports crop eradication, while the US does not. Crop eradication would be a temporary solution, and more permanent solutions to create employment would be better suited to sustaining alternative economic opportunities other than the drug trade. This can be achieved through developing the agricultural sector, and generally improving the licit economy. The US is concerned that eradication of crops would lead to instability, and possibly dependence of farmers on local support, which is often times provided by the Taliban.

## *Georgia*

### **U.S. Interests**

In the two and a half years that have passed since the August 2008 Georgian-Russian war, Barack Obama has replaced George W. Bush as President of the U.S. This change in administration has led to an improvement in U.S.-Russian relations, while the situation between, Russia, Georgia, and the two breakaway regions has not seen any notable change. Instead a fragile and frozen peace exists in which Russia recognizes the independence of South Ossetia and Abkhazia while the US and almost all of the rest of the world does not.

Furthermore, Georgia cannot change the current situation militarily because the US does not want to further destabilize a political hot spot despite the fact that it is not satisfied with the current situation. In Secretary of State Hillary Clinton's speech in Georgia in early July 2010, she warned Georgia against trying to secure the two breakaway regions by force.<sup>13</sup> In the breakaway regions, skirmishes continue and tensions run high threatening to boil over into conflict. Thus a stalemate exists between Georgia and Russia.

Tensions between Russia and Georgia revolve around the two breakaway regions, of South Ossetia and Abkhazia. These tensions solidified in the summer of 2008 with a military conflict breaking out between Russia and Georgia. Differing notions regarding regional sovereignty were at the heart of these tensions. The Georgian-Russian war in 2008 also holds particular significance because it represents the first Russian invasion of another state since the Soviet attack on Afghanistan in 1979.<sup>14</sup> It can be considered the most significant challenge to Europe's security interests since the collapse of the Soviet Union.<sup>15</sup>

A series of Russian and separatist provocations in the summer of 2008 spurred Georgia to launch a military attack on South Ossetia in early August. The Russian response to Georgian

military action was to send in their own military, which proceeded to occupy South Ossetia and Abkhazia as well as large portions of Georgia proper. By mid August, a cease-fire had been agreed to, though skirmishes continued and Russian troops did not pull out of South Ossetia and Abkhazia. Russia has recognized the two breakaway regions as independent though most of the world's nations and international organizations do not recognize the independence of these regions and condemn the action taken by the Russians.

The tension between Georgia and Russia grows out of their significant and conflicting interests in the two breakaway regions. Both regions are economically important to Georgia. South Ossetia's southern border runs near the Baku-Tbilisi-Ceyhan (BTC) and the South Caucasus pipelines. These two pipelines carry gas and oil, two of Georgia's most important assets, from Azerbaijan through Georgia to Turkey. These pipelines have enabled Georgia to become slightly less dependent on Russia for energy supplies and it made Georgia's economy more stable. Abkhazia borders the Black Sea and includes more than half of Georgia's shoreline. These ports are essential to the Georgian economy both for tourism and export access. Russia on the other hand, has an invested interest in these regions because it wants to establish a buffer zone in the Near Abroad. Abkhazia has become even more important to Russia due to its Black Sea shoreline because Russia will have to find a different port for its naval forces now that Ukraine will not permit Russian naval forces to prolong their stay in Sevastopol after 2017.<sup>16</sup> Russia has demonstrated its commitment to South Ossetia and Abkhazia by providing financial and military support as well as supplying Russian passports.

Now that Russia has recognized the two separatist regions as independent South Ossetia will most likely try to join North Ossetia which is part of Russia, while Abkhazia will most likely seek full independence and entry into the Commonwealth of Independent States (CIS), a regional

organization of former Soviet Republics.<sup>17</sup> Abkhazia is better equipped than South Ossetia to survive as an independent state since it has access to the Black Sea.<sup>18</sup>

Russia has signed treaties with both of the breakaway regions in which Russia will protect their borders in return for the right to build military bases in those regions.<sup>19</sup> Russia currently has more troops stationed in the two regions than before the war. Whether the breakaway regions decide to be absorbed into Russia or establish themselves as independent states is a long process which will take many years.

### *Georgian Involvement with Western Powers*

Georgia's pro-Western leanings have raised Russian anxieties, particularly in the years leading up to the 2008 military conflict. President Mikheil Saakashvili seeks greater involvement with Western powers and membership in NATO. During the Bush administration Georgia enjoyed uncritical support from the US. The Russian government viewed potential Georgian membership in NATO as a threat due to the increase in Western military presence that this might entail. Russia viewed increased US support of Georgia, expansion of NATO, and recognition of Kosovo as independent as actions threatening the Russian sphere of influence in the Near Abroad. The expansion of NATO and a more pervasive US presence in the Near Abroad were both seen by Russia as a threat and a disregard for its interests in that region.

### **Critical Interests and Recommendations**

- Support Georgia in ways that will foster its democracy. Focus should be placed on supporting freedom of press, implementing changes to the constitution, fair elections, promoting the rule of law, and human rights.

- Help Georgia gain relative economic independence from Russia.
- Make clear to Georgia that US support of Georgia's ambitions for NATO membership must be contingent on the implementation of comprehensive democratic reforms and avoidance of increased tensions with Russia.
- Assist Georgia and Russia in the process of advancing toward a state of peace.
- Refrain from providing military assistance to Georgia, while offering economic assistance
- Support Russia's accession into the World Trade Organization (WTO).
- Strive to advance a cooperative relationship between Russia and NATO.

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- Support Georgia in ways that will foster its democracy. Focus should be placed on supporting freedom of press, implementing changes to the constitution, fair elections, promoting the rule of law, and human rights.

In the years since the Rose Revolution in 2003, Saakashvili has not achieved many of the reforms he proposed upon becoming president. Georgia's democratic credentials have been decreasing specifically in the area of a free media. The 2008 State Department report noted that since 2007 "respect for freedom of speech, the press and assembly has worsened; public broadcasting has become friendlier to the government and political debates about ongoing events is lacking; ratings on political rights have also declined."<sup>20</sup> The funding of television channels which broadcast coverage of the activities of all parties or newspapers that report on non-government sponsored news would help competing opposition parties develop. The development of opposition parties would in turn promote more democratic proceedings within the Georgian government. Thus freedom of press should be fostered.

### *Constitutional Changes*

The system of governance in Georgia is unbalanced because the executive branch dominates all other bodies of the state. This imbalance of power in the government can be rectified by implementing changes in the constitution. Currently constitutional reforms are ongoing as the Georgian parliament is working with the Venice Commission, the Council of Europe's advisory body for legal affairs. The Venice Commission has already suggested recommendations for strengthening Georgia's system of checks and balances. The Georgian Parliament passed these preliminary recommendations, which have made several important improvements to the constitution, in October 2010 but according to the Venice Commission the powers of the parliament should be further strengthened.<sup>21</sup> This new constitutional system will go into force with the inauguration of the next president in October 2013. The US government should support the recommendations of Venice Commission and be willing to assist in the process of Georgian constitutional reforms.

### *Fair Elections*

The US should help Georgia meet or exceed the international standards for its 2012 parliamentary elections and its 2013 presidential elections. The local elections that occurred on May 30, 2010 demonstrated progress towards fairer elections but according to Secretary of State Hillary Clinton, problems still exist in political competition, fundraising, and accountability.<sup>22</sup> The Obama administration's willingness to critique Georgia's democratization process has helped shed light on the areas which need improvement. This in turn has helped those areas be addressed in a progress oriented way.

### *Promoting the Rule of Law*

The US should help Georgia work toward better promotion of the rule of law. This would be achieved by creating an independent judiciary, securing property rights, strengthening decentralization and local authorities, and ending state control over the media.<sup>23</sup> By improving the rule of law, Georgians would have more confidence in the government and it would contribute to the democratization of Georgia.

### *Human rights*

The final democratic reform that needs to occur in Georgia is its compliance with human rights. The U.S. should work with international organizations and Georgia to implement human rights monitoring agencies in Georgia, since human rights are currently being violated.

The nurturing of Georgia's democratic development will be beneficial to the US for a number of reasons. These include 1) the stability of Georgia's democracy could lead to the increased democratic stability of the whole region; 2) it could work as a model for the other countries in the Near Abroad; 3) it would demonstrate the US's genuine commitment to a successful policy of democracy promotion throughout the world and not solely a policy which uses the pro-Western inclinations of developing democracies as a way to establish allies. The US should implement a policy that attempts to achieve a balance between helping Georgian build and foster a democracy while not increasing tensions with Russia. In addition, the Obama administration has demonstrated greater awareness of how Georgia's democracy is actually proceeding. This willingness to critique as evidenced by Vice-President Biden's and Secretary of State Hillary Clinton's speeches in Georgia may yet lead to a more democratic Georgia.

- Help Georgia gain relative economic independence from Russia.

Georgia faces economic difficulties due to economic debts built up during the 2008 Russian-Georgian war, which were only compounded by the global financial crisis. During the 2008 war, Russia succeeded in massively diminishing Georgia's military capacity and devastating its economy and infrastructure.<sup>24</sup> Thus Georgia is struggling to reconstruct its military and civil infrastructures.

The US should help Georgia rebuild its economy which in turn will help it become less economically dependent on Russia. Less dependence on Russia economically will decrease Russia's ability to economically manipulate Georgia. To achieve this US should, 1) increase aid with a focus to rebuilding Georgia's social and economic infrastructures instead of military spending; 2) work with the EU to come up with ways Georgia can contribute to alternative energy sources; 3) encourage the building of the Nabucco pipeline project; 4) encourage foreign direct investment in Georgia which was most damaged by the war; and 5) set up a U.S.-Georgia free trade agreement in order to decrease Georgia's export dependence on Russia.

Ever since gaining power Saakashvili has tried to distinguish himself from his predecessor with regards to the two breakaway regions. Until the 2008 military conflict he made continuous attempts backed by military force to reintegrate the two separatist regions. This militaristic rhetoric and the fighting that occurred in South Ossetia in 2004 furthered the separatists' ambitions to be free of Georgia. The integration process of the breakaway regions into Russia will most likely take a long time, so Georgia has time to figure out a way of incorporating the breakaway regions that does not involve violence. Georgia cannot rely on the international community to help them reacquire these regions or resolve the conflicts. A good way of achieving voluntary and non-violent integration of the two breakaway regions with Georgia would be to create an attractive prospect of reunification, so that the secessionist regions

rethink their future plans. This would entail democracy building, and economic and social development outlined in the above recommendations.

- Make clear to Georgia that US. support of Georgia's ambitions for NATO membership must be contingent on the implementation of comprehensive democratic reforms and avoidance of increased tensions with Russia.

The main cause for support of NATO membership regarding Georgia is that it spurs Georgia to reform its governing structures and economy. Currently Georgia does not meet the democratic parameters required of a member of NATO so the question of actual Georgian membership in NATO does not have to be too seriously considered by the Obama administration. It should be noted that problems will arise if Georgia succeeds in meeting these requirements, particularly the increased tension between Russia and Georgia since 2008. In the future several NATO members will likely object to Georgian membership because of the increased tensions with Russia that would result and the possible repercussions this would entail, including violent conflict. When approaching these negotiations caution should be used.

- Assist Georgia and Russia in the process of advancing towards a state of peace.

This presents a serious challenge because the Russian government seems unwilling to engage in negotiations with the Georgian government. A first step towards achieving this goal would be to encourage Russia to end its confrontational policies and withdraws its troops to pre-2008 areas. Secondly, Georgia must not attempt to militarily incorporate the two regions of Abkhazia and South Ossetia..

Finally, the US could act as an intermediary in the opening of dialogue between Russia and Georgia. Furthermore, the US should pursue an open dialogue with Russia that would lead to a foreign policy which may concede that Russia has interests in the region, but does not permit Russia to exercise abusive power over its neighbors. This would involve seeking cooperation with Russia on such issues as nuclear weapons reduction (a policy supported by the Arms Control subcommission), curbing Iran's rise to power (a policy that is further supported in a relevant section of this subcommission report,) tackling global warming and dealing with issues of energy supply (a policy that is supported by the Human Rights subcommission). Positive relations between the U.S. and Russia are the only productive way of furthering American interests and indirectly helping Georgia. Deep antagonism spurred by undiplomatic direct action would only be detrimental to relations between the U.S. and Russia, as well as Russia and Georgia.

- Refrain from providing military assistance to Georgia while offering economic assistance.

The U.S.'s current decision to refrain from providing military aid to Georgia advantages diplomatic and regional interests. If the U.S. did provide Georgia with military support it would appear as if the US were privileging a party disproportionately in this unresolved conflict, and would most likely be seen by Russia as an antagonistic move. It would also strain US relations with Russia and increase tensions between Georgia and Russia.

US material support should go towards helping Georgia rebuild its social and economic infrastructures rather than improving its military. Improvements in infrastructure and democratization of Georgia's government would help the country recover from the 2008 war

more quickly and would spur Georgia's economic growth. Both of these positive results would be more beneficial to Georgia than an improved military.

- Support Russia's accession into the World Trade Organization (WTO).

The 2008 military conflict resulted in further difficulties for Russia's bid to join the WTO. Russia has been working towards WTO membership since 1993. This is clearly something that Russia has made obvious efforts to achieve. WTO membership for Russia would help its economy grow and integrate into the world economy. If the US were to help Russia become a member of the WTO, Russia might be more willing to concede to some of the U.S.'s other requests. The process of membership may be leveraged to encourage Russia to remove troops from contested areas in the two breakaway regions. Also, being members of the same organization could ease tensions between Georgia and Russia. The U.S. could perhaps pressure Georgia to discontinue blocking Russia's WTO membership by putting a condition on the aid the U.S. provides to Georgia.

- Strive to advance a cooperative relationship between Russia and NATO

The reestablishment of a more active NATO-Russia Council, or the NRC, would open a dialogue between Russia and NATO. This dialogue might eventually prompt Russia to regard NATO expansion not as a threat to Russian sovereignty, and thus decrease tensions if Georgia becomes eligible for membership. A more open dialogue between Russia and NATO might also help improve current Russian-Georgian relations. Such a dialogue might also help improve relations between Russia and other Near Abroad countries, particularly Ukraine which also seeks

NATO membership. A diplomatic dialogue between NATO and Russia would be generally beneficial because it would clarify the expectations and goals of all the countries involved.

### *Iran*

#### **U.S. Interests**

Russia and the United States find themselves intimately tethered to perhaps the world's most pressing security issue—the possibility of Iran acquiring nuclear weapons. Shortly after winning the 2005 election, Iranian President Mahmoud Ahmadinejad declared that Israel should be “wiped off the map,” and his frequent denials of the Holocaust and anti-Semitic remarks reinforce the gravity of the situation.<sup>25</sup> The presence of U.S. and allied armed forces in both Iraq and Afghanistan aggravate the danger.<sup>26</sup> Furthermore, the U.S. Department of State lists Iran as a country that sponsors terrorism, so a nuclear-weapon equipped Iran presents one of the most likely scenarios in which terrorists could access a weapon of mass destruction.<sup>27</sup>

Russia is critical in the efforts to prevent Iran's nuclear weapon acquisition. This stems from Russia's unique relationship with Iran that features nuclear fuel and conventional weaponry, as well as economic and regional cooperation. In particular, Russia has helped Iran construct its Bushehr nuclear reactor by lending its scientific expertise and selling nuclear fuel to Iran.<sup>28</sup> Although the two countries have historical tensions and ideological differences, Russia has the strongest relationship with Iran out of any of the permanent members of the United Nations Security Council and Germany (P5+1), the group currently engaged in negotiations with Iran.<sup>29</sup>

This section addresses how the United States should conduct its foreign policy with Russia in order to best reduce the threat of a nuclear-armed Iran. It operates on the rational

assumptions that Iran indeed seeks nuclear arms—not just civilian nuclear power—and that it will acquire nuclear weaponry capability given enough time. Explaining these assumptions would require a significantly longer paper, and they present a more realistic and more conservative outlook so that the United States can best prepare for a nuclear-armed Iran.

### **Critical Issues and Recommendations**

- Permit a strong Russian-Iranian relationship in regional diplomacy and non-military trade.
- Maximize cooperation and amiable relations between U.S. and Russia.
- Continue negotiations through the S5+1 and implementing sanctions through the Security Council.

.....

- Permit a strong Russian-Iranian relationship in regional diplomacy and non-military trade.

Preserving Russia's involvement provides the S5+1 with an agreeable link to Iran. Russia may be a leveraged channel of reason, and even force or manipulation that may be utilized in the engagement with Iran. Russia and Iran enjoy a relationship that includes significant political and economic cooperation, and the U.S. must see this as positive in the context of efforts to prevent Iran from acquiring nuclear weapons. The affable relations benefit negotiations because it decreases Iran's alienation, and it presents Iran with something to take away if it continues to not cooperate with international law.

However, Russia's conventional weapons exports to Iran convolute a succinct strategy towards negotiations as the sale of Russian military technology to Iran mitigates any potential strike in the future. Defensive concerns played a large role when Iran nearly gave in to international pressure in 2004, and this weakness needs to be explored. .

### *Nuclear Cooperation*

Iran's aspirations to obtain nuclear technology began under the rule of the Shah and has led the country to court the United States, Germany, and China to lend its support.<sup>30</sup> In January of 1995, Iran finally found a partner country and signed a contract with Minatom, Russia's state Ministry for Atomic Energy to begin building a nuclear power plant at Bushehr.<sup>31</sup> The Russians and Iranians recognized each other's potential to provide a needed service. The Iranians need nuclear technology and scientists, both of which were in bountiful supply in post-Cold War Russia. Russia faced treacherous economic conditions in the mid-1990s and eagerly sought foreign reserves; Iran supplied two-thirds of its payments in cash.<sup>32</sup> The relationship continues today after the completion of Bushehr as Russia signed a ten year contract with Iran to supply nuclear fuel, and approximately 1,500 Russian scientists work on the nuclear program in Iran.<sup>33</sup>

The past fifteen years have also demonstrated the instability of the Russian-Iranian relationship built on little more than common need. Construction of the Bushehr Plant ended on February 25, 2009, much later than Iran wanted or expected.<sup>34</sup> And the physical construction of Bushehr did not initiate its production promptly: a February 2009 pledge to commence in late 2009 preceded a November 2009 statement that the Bushehr Plant would start in early 2010, which later changed to meaning early in the Persian New Year or March 2010, and in April

2010, a new pledge announced that operations would begin in August 2010.<sup>35</sup> While the Russians will not openly admit this, most analysts agree that the delays come at least partly from frustrations with Iran's non-compliance with International Atomic Energy Agency (IAEA) safeguards as well as resolutions about Iranian nuclear capability passed by the United Nations Security Council.<sup>36</sup>

The Bushehr Plant remains a strain on U.S. relations with Russia. If indeed Iran is constructing nuclear weapons, Russia's deep entanglement with the Iranian nuclear program suggests that Russia is at least aware of if not aiding this illegal action. Although State Department officials publically insist that the U.S. has "no substantial concerns" about security threats emerging from Russia's official work at Bushehr, the possibility of nuclear proliferation, to Iran or to non-state actors, continues to exist given a vast reserve of Russian nuclear knowledge present in Iran.<sup>37</sup>

Regardless, this paper assumes that Iranians, left in isolation, can one day attain nuclear weapon technology, but this would be a much weaker assertion if Russia had not actively assisted Iran's nuclear program for the past fifteen years. The contract for nuclear fuel between the two countries reinforces the relationship. Russia's historical influence over the Iranian program and its current enabling sales cast Russia as the pivotal international player in convincing Iran to abandon its weapon ambitions.

- Maximize cooperation and amiable relations between the U.S. and Russia concerning Iran.

The robust Russian-Iranian relationship gives leverage to the SC+1, but the U.S. must build rapport with Russia to persuade her to reduce its nuclear fuel and conventional weapon trade with Iran. Medvedev's recent cancellation of the S-300 missile contract with Iran demonstrates that a better relationship with the Russia can lead to effective results for pressuring Iran to recognize the negative security effects of its pursuit of nuclear weapons..

Russian and Iranian diplomatic cooperation comes from their mutual interest in issues regarding regional stability in the Caucasus, respect for territorial sovereignty, and support for a multipolar world. The two countries have effectively worked together to promote peace in the Caucasus and Central Asia while neither country has forayed too heavily into the domestic matters of the other. And both countries, with varying levels of flamboyance, have denounced American regional presence in what appears to them as a U.S.-dominated world. While the Russian-Iranian relationship has experienced considerable setbacks at times, the diplomatic record remains civil and regionally productive.

Russia and Iran are regional military and economic giants with a vested interest in the stability of their neighbors. Some scholars argue that Iran appears to Russia as a "safe-bet" in the Middle East and feels a need to establish good relations with this growing "regional superpower" as Foreign Minister Sergey Lavrov stated.<sup>38</sup> Despite historical grievances concerning the land between the countries, Russia appreciates how Iran has not supported ethnic and religious violence in the Caucasus region, containing its own Islamic Revolution.<sup>39</sup> Russian-Iranian cooperation has realized concrete results in upholding a ceasefire in Tajikistan, and both countries backed Armenia in its border dispute with Azerbaijan.<sup>40</sup> The most significant source of

regional tension between Russia and Iran was a disagreement as to the division of the resource-rich Caspian Sea.

An Iranian missile boat in the Caspian, a Russian military exercise, and a Russian-led international military exercise involving 60 ships and 10,000 troops shook relations in 2002 and 2003.<sup>41</sup> While tensions declined soon after this, the event encapsulates the ambiguous nature of Russian-Iranian relations that can quickly and easily revert back to traditional bitterness and mutual suspicion.

Significantly, though, Russia and Iran both respect each other's territorial sovereignty. The most significant domestic turbulence in Russia has been the violence in Chechnya. The Islamic fundamentalist violence stemming from Chechnya has at once allowed Russia to connect to the United States in the war against terror but at the same time it created tension with key Middle East partners such as Iran. When Iran was the governing country of the Islamic Conference, it did speak out against Russian abuses against the largely Muslim population of Chechnya, and Tehran and Moscow exchanged verbal blows.<sup>42</sup> But in the midst of arms deals and economic incentives, both Ayatollah Khamenei and then-President Khatami quickly dismissed Chechnya as a Russian domestic affair despite the often vicious attacks on Muslims.<sup>43</sup> Similarly, the voting fraud that caused 2009 Green Revolution and the subsequent violent crackdown in Iran attracted international condemnation, but Russia remained a strong ally during this time.<sup>44</sup>

Russia and Iran have been united in their stance against U.S. involvement in Central Asia and the Middle East with the exception of Afghanistan. In the late 1990s Russian Foreign Minister Yevgeny Primakov advocated his self-titled "Primakov Doctrine," a foreign policy

based on global multilateralism and Russian influence in the former Soviet Union and Middle East. In 1997, Primakov joined Iranian Foreign Minister Ali Akbar Velayati to condemn the U.S. presence in the Middle East as “totally unacceptable.”<sup>45</sup> Iran joined Russia in denouncing U.S. military bases in Uzbekistan and Kyrgyzstan, together scoring a victory when Uzbek President Karimov ousted the U.S. in 2005. The U.S. needed to send Secretary of Defense Robert Gates to Kyrgyzstan to save the airbase there in 2009, only narrowly escaping the effects of Russian pressure.<sup>46</sup>

In summary common interests in promoting regional stability, avoidance of domestic interference, and condemnation of an assertive U.S. foreign policy forge a strategic partnership between Moscow and Tehran.

- Continue negotiations through the S5+1 while implementing if necessary sanctions through the Security Council.

Russia recognizes and is comfortable working through S5+1 format. By contrast, switching to a more aggressive “coalition of the willing” sanctions strategy would alienate Moscow, pushing it towards Tehran, and emboldening the Iranian hawks.

A significant Russian-Iranian economic relationship reinforces Russia’s centrality in mitigating the Iranian threat, especially if the P5+1 continues to impose sanctions. Trade comprises nuclear fuel, conventional weapons, and civilian goods. As mentioned earlier, the nuclear trade emerged from an oversupply of Russian arms expertise, Russia’s shortage of foreign reserves, and Iran’s vast cash payments. The Bushehr Plant benefits Russia tremendously in economic terms—the construction generated at estimate \$800 million for

Russia, and it employs 1,500 Russians in Iran and 2,000 Russians domestically as well as providing business for over 200 Russian companies.<sup>47</sup> Iran's ten-year agreement for Russian fuel deliveries has also benefitted Russia's finances.<sup>48</sup>

The same foreign reserves and military technology needs prompted Russia to sell Iran conventional weapons as well. Military exports are the leading manufactured source of hard currency for Russia, and only oil and natural gas surpass the revenue generated by weapon shipments.<sup>49</sup> Iran spends the third-most of any country on Russian arms, with only China and India buying greater sums. Russia has, at times, supplied Iran with over half of its imported military equipment during the past decade.<sup>50</sup> This naturally contentious business typically causes either American or Iranian anger, and Medvedev's recent decision to cancel the S-300 missile sale to Iran presents the latest chapter in this struggle.<sup>51</sup>

The two countries cooperate closely as the leading and runner-up holders of natural gas reserves.<sup>52</sup> This common factor has led to cooperation on pipeline projects that carry natural gas to the Indian Ocean, to Caspian Sea neighbors, and to Europe.<sup>53</sup> In 2009 Russia and Iran produced the most and fourth-most oil in the world, and the economic success of both countries largely depend on oil and natural gas prices.<sup>54</sup> Russian-Iranian trade totaled over \$2 billion in 2009, and the two countries represent each other's largest regional trading partner.<sup>55</sup> Russia has also enjoyed U.S- and European-imposed sanctions that prohibit the sale of some goods such as passenger planes, and it capitalizes on this market by selling sanctioned items to an eager Iran.<sup>56</sup>

### *Consequences of Relationship*

The relatively strong relationship between Russia and Iran has a number of implications. First, as a very independently-minded country, Russia will not forfeit this relationship for the sake of pleasing Western leaders. Russian nuclear and conventional trade as well as the anti-U.S. rhetoric greatly irks Washington. Russia will continue to interact amiably with Iran due to the strategic and economic incentives that the relationship with Iran advantages. Fighting this relationship will only push Moscow towards Tehran.

The second implication of the Russian-Iranian relationship is that if the S5+1 accepts these conditions, then it puts the parameters of the Iranian nuclear program on the negotiating table. The Russian relationship is something that Iran could potentially lose. If Iran continues to defy international requests to such an extent that it completely delegitimizes itself, Russia would scale back its relationship with Iran. This is already occurring in a sense through Security Council sanctions. Maintaining something for Iran to lose will incentivize Iran to cooperate.

The U.S. should maximize cooperation with Russia in order to minimize the threat of a nuclear-armed Iran. This strategy runs contrary to suggestions of imposing sanctions on certain Russian companies and adopting a carrot and stick approach in dealing with Moscow. The aforementioned nuclear, political, and economic ties between Moscow and Tehran make Russia indispensable in any effort to deter Iran.

Russia lacks an ideologically-based relationship with Iran, it will float between Tehran and Washington. This explains the pragmatic side of Russia's relationship with Iran, exemplified by the original building of the Bushehr Plant and the recent decision to cancel the S-300 missile sales.

The extent of the Russia-Iranian relationship suggests something deeper than a purely practical partnership. In particular, the Bushehr Plant and the persisting rumors of Russian covert aid in developing an Iranian nuclear bomb plant suspicion in the hearts of many. Representative Edward R. Royce of California a member of the House Committee on Foreign Affairs, asked “how confident are we in our ability to really know what they [Russian scientists] are up to in Iran?”<sup>57</sup> One analyst goes so far as to say that Russia is passively encouraging Iran to build a nuclear bomb in order to apply pressure on NATO.<sup>58</sup> But these thoughts are products of lingering Cold War suspicions. As noted before, Iran shopped around for nuclear partners and engaged the U.S., Germany, and China in discussions before eventually agreeing to terms with Russia.<sup>59</sup> Russia, in turn, agreed to the deal to draw in much needed foreign reserves with the few exportable skills it honed during the Soviet era.

The conflict over the Caspian Sea is telling. Tehran claims 20% of the water’s territory for oil extraction, but Russia organized a plan with the other relevant countries—Kazakhstan, Turkmenistan, and Azerbaijan—to allocate 13% to Iran.<sup>60</sup> In 2003 Russia conducted major military exercises in the Caspian Sea with 60 ships, 10,000 troops, and participation from Kazakhstan and Azerbaijan. To counter these efforts, Iran placed a “Paykan” missile on a military boat in the Caspian Sea before tensions mellowed.<sup>61</sup> In fact, this is only the latest in a long history of conflict that includes a Peter the Great’s eighteenth century invasion of the Caucasus and a Russian World War II occupation of Iran during World War II.<sup>62</sup> Ahmadinejad has called for reparations for the occupation drew harsh criticism from Moscow.<sup>63</sup> Many Iranians can still recall when former Supreme Leader Khomeini labeled the Soviet Union as “Little Satan” in the 1980s, perhaps the epitome of the stark contrast between the atheist Soviet state and the Iranian theocracy.<sup>64</sup>

### *Bushehr Failure and “Reset” Success*

The U.S. has already attempted to mold Russian behavior on Iran’s nuclear program with a stick and carrot mechanism. This occurred when Russia mulled over the decision to help build the Bushehr Plant in the 1990s. The U.S. offered \$10 billion in aid if Russia backed out of the agreement, threatening to withdraw \$20 billion in pledged aid if Russia went through with the deal.<sup>65</sup> Despite Russia’s much poorer economic stance back then, the threat of \$20 billion lost American aid could not deter Russia from building the Bushehr Plant.<sup>66</sup> This also occurred at a time when Russia was much more dependent on the U.S. as it struggled through the tumultuous 1990s adjustment era.<sup>67</sup> The aggressive U.S. stance pushed away Moscow even at a time of great Russian need, and a similar strategy now would fail even more spectacularly.

A more effective policy is apparent in the now famous American “Reset” policy with Russia that has reinforced positive sum relations. The benefits of this cooperative approach are already evident in Russia’s decision to cancel the sale of the S-300 missiles to Iran in September 2010.<sup>68</sup> Russia consciously sacrificed nearly \$1 billion in contracts, and it also lost considerable clout with Iran.<sup>69</sup> This seems contradictory to Russia’s previous, economic-driven behavior, but better relations with the U.S. produced incentives for cooperation. The U.S. made it clear that Russian objectives in other areas such as World Trade Organization membership would suffer considerably if Moscow completed the S-300 deal.<sup>70</sup> The open dialogue between the U.S. and Russia facilitated Russia’s surprising snub and demonstrates how cooperation can keep Moscow at Washington’s side without sacrificing priorities.

### *No Ideological Relationship*

Russia's spat with Iran over Caspian Sea rights and historical tensions suggests that there is no ideological relationship between the two nations. Moscow and Tehran work together to achieve mutual goals in nuclear, political, and economic fields, but they cooperate because of national gain. Therefore, one can envision Russian decision-making as a cost-benefit analysis. The benefit of the building Bushehr Plant with its future nuclear contracts and the independent spirit that accompanied this decision outweighed the cost of \$20 billion in withheld American aid, but the estimated \$1 billion lost in cancelling the S-300 contract was less of a cost than the perceived benefit of cooperation with the U.S. and possible WTO membership.

The U.S. should maximize cooperation with Russia in order to give it positive incentives to go along with the international efforts to deter Iran. Russia's relationship with Iran is too valuable to give up without due payment, but if the U.S. works diligently to provide incentives to Russia in speculative areas of their relationship—WTO membership or human rights, for instance—then the U.S. will have more leverage to exercise when negotiating with Moscow. If one assumes that Russia will not act boldly against Iran and that Russia is the key country in deterring Iran's nuclear program, then cooperating closely with Russia in all manners simply makes sense.

The U.S. should continue to impose sanctions by passing U.N. Security Council Resolutions that have the power of international law, and the U.S. should continue using the S5+1 group as a the primary vehicle with which to negotiate with Iran. Some suggest that if the U.S. and several other economically powerful countries impose especially harsh sanctions on Iran outside of the Security Council, then Iran would give up its nuclear program due to this

newfound pressure. But this would lack the legitimacy of Security Council resolutions, even if the Security Council's sanctions are weaker than what the "coalition of the willing" has in mind. Furthermore, Russia would certainly not participate in sanctions against Iran outside the UN framework. Massive action against Iran without Russia would likely alienate Moscow and push it closer to Tehran. negotiating team is superior to unilateral efforts and how Moscow predictably plays a critical role.

### *Negotiations History*

In 2002 an American nongovernmental organization released satellite pictures of two sizeable, undisclosed Iranian uranium-enriching complexes—a violation of the terms of Iran's membership in the Nuclear Non-Proliferation Treaty.<sup>71</sup> Tehran reacted with a statement indicating its willingness to work with the IAEA and to disclose all existing facilities, but Iran also declared its intention to continue enriching uranium.<sup>72</sup> The IAEA first attempted to group together countries in a preexisting format to jointly address the apparent Iranian violation, and Russia—albeit reluctantly—participated in this round of negotiations. In 2004, a unanimous declaration was passed by the IAEA demanding that Iran stop its enrichment program.<sup>73</sup>

In early 2006 Iranian President Mahmoud Ahmadinejad pulled out of this previous agreement and announced a return to uranium enrichment.<sup>74</sup> An eleventh-hour effort from Russia and China attempted to reconcile Iran and the IAEA, but no agreement was reached.<sup>75</sup>

This failure led to the IAEA to pass the Iranian issue to the Security Council. The five permanent members and Germany joined together put additional pressure on Iran in a unified manner.<sup>76</sup>

While this S5+1 group engaged Iran in seven-party talks, the Security Council passed two

resolutions—#1737 in December 2006 and #1747 in March 2007—implementing sanctions that became international law.<sup>77</sup>

Iran predictably denounced the sanctions, but it also began to cooperate more with IAEA officials. While Russia and China appeared willing to reduce sanctions, the U.S. increased unilateral sanctions in October 2007, most likely to provoke Iran into reverting back to internationally condemnable behavior.<sup>78</sup> These had little effect. At the beginning of 2008, the P5+1 proposed new sanctions although they did not differ very much from previous sanctions, mostly due to the Russia and China's influence.<sup>79</sup>

Despite the optimism that Obama's election attracted around the world, Iran is yet to reach out to his "extended hand." Iranian missile testing and a pledge by Ahmadinejad to never cede control over Iran's nuclear rights have cast a shadow over the future of negotiations.<sup>80</sup> The only middle ground proposed has been shipping low-grade uranium to Russia and then on to France and then back to Iran to eliminate the possible by-products that are critical components in nuclear weapons construction. Iran does not seem sincerely interested in this alternative.<sup>81</sup> The latest round of sanctions came in June 2010, with all members of the S5+1 lending their full support.<sup>82</sup>

### *Russia's Role*

Nuclear, political, and economic cooperation are pillars of the Russian-Iranian relationship. From the Russian point of view, imposing sanctions on an ally seems counterproductive. Confronting Iran also appears to many Russians as bowing to the United States, hardly a politically popular move in Russia.<sup>83</sup> Russia will never lead international

condemnation, it will never propose new sanctions, and something considerable must change for Russia to ever participate in a military strike against Iran.<sup>84</sup> In this unique instance, Russia revels in not being the leader. It knows that the U.S. is more concerned about Iran and will continue to lead international efforts against Iran's quest for nuclear bombs. Russia will therefore continue to enjoy the short term benefits of its relationship with Iran while offering only enough cooperation with the U.S. to minimize the threat of long-term Iranian nuclear implications.<sup>85</sup>

Because of Ahmadinejad's increasingly rebellious attitude, Russia has drawn closer to the "mainstream" of international affairs, fully participating in any sanctions.<sup>86</sup> One author critical of Obama's foreign policy believes that Russia's recent more Western alignment has unintentionally resulted from the failed Obama strategy of engaging both Russia and Iran; the U.S. gained Russia at the expense of isolating Iran further.<sup>87</sup> Others suggest that despite Russia's and China's support for sanctions during recent years, the support has been reluctant and lethargic, dragging out what could have been more harmful sanctions down to what is tolerable for Iran.<sup>88</sup>

But Russia has played a strategic role so far in negotiations and appears poised to do so in the future. Despite the failure of Russia's 2006 outreach to Iran to save the IAEA strategy, this is an example of how the positive Russian-Iranian relationship can offer a different approach to cold sanctions imposed by a group of distant countries. Another example of the potential benefit of the positive Russia-Iranian relationship is the proposal for Iran to ship uranium to Russia and then to France for enrichment. While Iran does not look likely to accept this offer, Russia's relationship with Iran helped to make this offer plausible, and Iran's rejection has further polarized the country and unified opposition. Russia's role as an Iranian ally involved in sanctions has legitimized the S5+1's efforts in the eyes of the international community, and this

is vitally important as an increased international consensus against Iran's program remains the most likely solution to the conundrum.<sup>89</sup>

### *Unilateral Strategy*

The U.S. attempted to divert away from the S5+1 approach in 2007 when it increased unilateral sanctions. This came at a time when Iran began to cooperate more fully with IAEA inspections, and Russia and China argued for lowering Iranian sanctions.<sup>90</sup> The objective of the U.S. policy was to frustrate Iran and isolate it when it attempted to work with the international community more fully. While Iran certainly emerged frustrated, this policy did not lead the S5+1 any closer to reaching negotiating success with Iran—it delegitimized U.S. efforts, it predictably made Iran less cooperative, and most importantly, it drove away Moscow. The visible discrepancy between Russian and U.S. interests only hurt overall negotiation efforts.

While Russia has lessened sanctions on Iran that pose essentially the only strategy to addressing the issue, previous U.S. efforts to divert to hurry and strengthen sanctions have created a disjointed S5+1 that has also, in the long run, slowed negotiations. The U.S. should forego the perceived benefit of harsher sanctions in favor of the good that will result from a unified front with Moscow. This is because U.S. unilateral sanctions against Iran do not occur in a bubble; these efforts drive Moscow away. Russia is already weary enough about imposing sanctions on a nuclear, political, and economic ally, and the U.S. needs to appreciate this attitude. Furthermore, harsher U.S. sanctions do not have the legitimacy of international law that comes from Russia's and others' approval in the form of U.N. resolutions. This lack of legitimacy could embolden hawkish radicals within in Iran and discourage future cooperation.<sup>91</sup>

The U.S must cooperate with Russia to achieve results in Iran because of Russia's influential relationship with Iran and of the international legitimacy of the ongoing negotiating efforts. Permitting a strong Russian-Iranian relationship outside of the nuclear and conventional weapons arenas will help the long-term negotiation process by providing more subtle and effective leverage against Iran. The U.S. should maximize cooperation with Russia to most fully implement this leverage. The possibility of Iran acquiring nuclear weapons and using them against Israel, attacking American forces in the Middle East, or proliferation of the weapons to terrorists remains is perhaps the gravest danger to worldwide security. Washington must meet Moscow to most effectively address the Iranian nuclear weapon threat.

### *Venezuela*

#### **U.S. Interests**

After the collapse of the Soviet Union, the Russian Federation sought allies in a world that they perceived as being dominated by the United States. The new world was unipolar, with the United States ahead of Russia in terms of economic prowess and strength of allies. Prime Minister Yevgeny Primakov sought allies in Latin America beginning at end of the 20<sup>th</sup> Century for various reasons.<sup>92</sup> Countries such as Venezuela and Brazil have warmly received Russia in order to better their own economic standing.

However, Russia is not able to be as deeply involved as it would like and Latin American states are not able to fully support Russian regional goals. Russia has been particularly hard hit by the economic recession and promises that President Dmitry Medvedev have made seem improbable.. Russia's main motive for strengthening ties with Venezuela is fundamentally geostrategic and aims to establish a partner to counter American influence in Latin America.

Russia's relationship with Venezuela is startling. It threatens American interests in Venezuela and Latin America as a whole. For one, the United States depends on Venezuelan oil imports. Out of 10 million barrels of oil imported to the US everyday, 1.2 million (12%) originates from Venezuela.<sup>93</sup> Russia's strengthening energy ties with Venezuela threaten the continued supply. A situation could arise where Venezuela decreases exportation to the United States and increases exportation to Russia. Russia offers Venezuela incentives such as military arms for oil.

Secondly, when Venezuelan President Hugo Chávez entered office in 1999, he established a military arms partnership with Russia. Since 2004, Russia has supplied \$5.4 billion in weapons to Venezuela.<sup>94</sup> Chávez claims the military arms are for defensive purposes only. However, there is no nation posing a direct military threat to Venezuela. The arms buildup frightens neighbors such as Colombia because Chávez has provided weapons to extremist insurgency groups across Latin America. Chávez seeks Bolivarian allies to make a sweeping revolution across the continent.

Russia and Venezuela's relationship is geostrategic and aims to counter US influence. Medvedev has remarked multiple times that he is seeking allies to make a more multipolar world and oust the United States from being the leader of a unipolar world. Russia and Venezuela are attempting to realize their efforts through enhancing oil trade and arms exchange deals.

### **Critical Issues and Recommendations**

To promote U.S. interests in Latin America in light of Russia's growing relationship with Venezuela, the United States should:

- Expose the Venezuelan authoritarian regime and raise awareness of the importance of a new strategy to counter the existing threats.
- Consider jointly funding or requesting research from Latin American think-tanks regarding the relationship and knowledge about government affairs in Venezuela.
- Sustain Venezuelan civil society and the ability for civilian dissidence by maintaining person-to-person contacts such as exchanges and public diplomacy outreach programs.
- Collaborate with international organizations such as the United Nations Human Rights Council to keep Chávez's power in check. .
- Help the dictator Chavez hasten his own political demise by comprehending his psychological profile.
- Enhance security cooperation that has declined since the end of the Cold War to counter new threats, such as transnational crime, and boost scrutiny of Venezuela's diplomatic and military actions.
- Strengthen U.S. support for democratic and market institutions to keep poor countries in the region from sliding toward economic decline and, ultimately, authoritarianism.
- Significantly increase collaboration with international partners to monitor and gather intelligence about the existing partnership between the Venezuelan regime and state sponsors of terrorism, and expose the Bolivarian/terrorist connections.
- Reduce American dependence on foreign state energy monopolies by allowing market prices to encourage exploration elsewhere and technological breakthroughs. Do not

remain dependent on foreign oil from a state whose energy future is unclear due to authoritarian rule.

- Increase funding for research into alternative energy methods in the United States which will allow the United States to be self-sufficient.
- Prioritize Latin America as a concern that needs to be addressed in devising foreign policy in order to prove to other Latin American nations that the region does offer benefits to the United States.

#### *Venezuela under President Hugo Chávez*

- Hasten Hugo Chávez's political demise by comprehending his psychological profile.
- Consider jointly funding or requesting research from Latin American think-tanks regarding their relationship and knowledge about government affairs in Venezuela.

The United States must expose the Venezuelan authoritarian regime and raise awareness of the importance of a new strategy to counter the existing threats. Before addressing the problem posed to neighboring nations and US interests by Venezuela, it is necessary to recognize it as a problem. The U.S. should also consider jointly funding or requesting research from Latin American think-tanks regarding their relationship and knowledge about government affairs in Venezuela..

Venezuela's leader, has been under intense international scrutiny since he was reinstated into the presidency in 2002 (originally elected in 1999), following a coup d'état.<sup>95</sup> Hugo Chávez has been an integral element in the reason why Russia has pursued relations with Venezuela. Chávez, to most of Latin America and the world, uses rhetoric that seems to threaten the United States' influence. It is important to outline Chávez's presidency to illuminate the reasoning behind Russia's interest in Venezuela.

Hugo Chávez has proved to be a dangerous figure in Latin America. He has a following that believes in his promises for a sweeping revolution across the South American continent. In order to achieve this goal, he is using dangerous and violent means. However, a report in the *New York Times* profiling the psychological state of Chávez shows remarkable similarities to Saddam Hussein. He overreacts to criticism and has shown other vulnerable tendencies proving that he is not a strong leader.

When Chávez was elected president in 1999, Venezuela was reeling from a collapse of the country's banking sector and oil prices were plummeting.<sup>96</sup> Chávez entered office promising to fix the turmoil and socioeconomic woes the nation was experiencing. Most observers attribute Chávez's election as a result of Venezuelans believing that past leaders had squandered the country's oil fortunes.<sup>97</sup> Chávez was a part of the Patriotic Pole, a left-leaning coalition, and headed his own party called the Fifth Republic Movement.

As soon as Chávez took office many feared he was establishing a left-wing dictatorship as he had replaced the democratically elected congress by his own known supporters. Chávez introduced a new constitution and even a new name for the country, the Bolivarian Republic of Venezuela.<sup>98</sup> Outsiders pointed to his close relations with Cuba's Fidel Castro and the cult of personality that was developing as certain signs of authoritarian rule.

Early on in his six year term in 2001, businesses and labor unions organized by the Venezuelan Chamber of Commerce (FEDECAMARAS), held a strike to protest his increasingly authoritarian ways.<sup>99</sup> In fact, in 2002, workers purposely decreased oil production, which had the potential to seriously harm the economy as oil comprises a large part of Venezuela's total exports. Chávez was forced out of power following a large uprising. With influence from Chávez's

supporters, he was reinstated only two days later.<sup>100</sup> Chávez was under pressure from the international community to finally ameliorate social and economic conditions in Venezuela.

Chávez continued to face criticism from both internal and external sources during the latest round of presidential elections in Venezuela. In 2007, he took further steps to consolidate power and move the country towards socialism. In January 2007, Chávez nationalized the energy and telecommunications sector. The National Assembly which was composed of his loyal followers, voted to permit Chávez to rule by decree for 18 months. Chávez sought to eliminate all opposition to his socialist leanings and shut down the main television broadcast station that spoke out against him. A certain sign that an authoritarian state had been created was in August 2007 when Chávez urged the National Assembly to abolish presidential term limits.<sup>101</sup>

#### *Economic Profile:*

Since Chávez nationalized the oil industry in 2003, Venezuela's economy has expanded and has experienced an annual approximate growth of 13.5%.<sup>102</sup> The majority of that growth has been in the nonoil sector and the private sector is growing more rapidly than the public sector. The fastest growing sectors have been finance and insurance which have grown 258.4 percent since Chávez's takeover of the oil industry in 2003.<sup>103</sup> The trade & repair services, construction, transport & storage, and communications industries have all grown exponentially<sup>104</sup>. Despite growth in the private sector and industries besides oil, Venezuela's economy still is dependent on oil exports which account for 93% of its export earnings<sup>105</sup>.

The labor market has also seen some considerable improvements. In the decade from 1998-2008, 2.9 million jobs were created and the unemployment rate dropped drastically.<sup>106</sup>

Besides economic improvements in industry, inequality and poverty also improved during Chávez's rule. For example, in 2003, 54% of Venezuelan households were in poverty compared to the 2008 figure of 26%.<sup>107</sup> This is an exceptional achievement for a nation like Venezuela whose poverty had been on the rise for decades.

- Sustain Venezuelan civil society by maintaining person-to-person contacts such as exchanges and public diplomacy outreach programs.
- Collaborate with international organizations such as the United Nations Human Rights Council to Chavez's power in check.

Chávez has turned Venezuela into an authoritarian state with multiple abuses of human rights. Since Chávez's autocratic rule by decree commenced in 2007, he has been criticized by the international community for governmental corruption and human rights abuses. The civil society and right to dissent in Venezuela has been dissolved. On February 25, 2010, the Organization of American States (OAS), and the Inter- American Commission on Human Rights, issued a 300 page report detailing human rights abuses in Venezuela, political repression and diminishing the separation of powers among branches.<sup>108</sup>

The report states that since research beginning in 2009, living conditions in Venezuela for citizens have worsened. There have been serious impediments imposed by Chávez's rule that have "caused...serious restrictions to the full enjoyment of the human rights recognized in the American Convention."<sup>109</sup> The report points out problems such as censoring media outlets, ousting judges critical of Chávez and imposing pressure on public employees of large corporations to fund Chávez's government.<sup>110</sup>

Moreover, Venezuelans who try to speak out against government corruption are often forcibly punished. The report concludes that:

“Obstacles are thrown in the path of those identifying with the opposition not only in the context of political contests, but also that citizens and organizations that make their disagreement with governmental policies public often become victims of retaliation, intimidation, disqualification, exclusion, discrimination in the workplace, and in some instances are even subject to legal attack and deprived of their liberty. Thus, reprisals levied against dissenters have left certain sectors of society stripped of the means to protect their interests, to protest, to criticize, to propose, and to exercise their role as overseers of the democratic system.”<sup>111</sup>

The report harshly blames Chávez’s governments for the abuses inflicted onto society. Chávez has become increasingly disliked in recent months internally and this OAS report will bring even more external criticism. The Venezuelan government immediately denied findings in the report but the report is still garnering international attention.

- Enhance security cooperation that has declined since the end of the Cold War to counter new threats, such as transnational crime, and boost scrutiny of Venezuela's diplomatic and military actions.

### *Russia and Venezuela*

The partnership between Venezuela and Russia is one based on mutual benefit and strategy. The partnership consists of mainly arms sales and a shared interest of countering US influence in Latin America.

### *Arms Sales*

Russia has begun supporting Venezuela’s expanding military by selling them arms. Since 2005, Venezuela has purchased \$4 billion in weapons, including multirole combat aircraft, attack

helicopters and 100,000 assault rifles and ammunition.<sup>112</sup> Plans are being made to construct two factories in Venezuela which would manufacture assault rifles and ammunition. In total, 80% of Venezuela's arms are provided by Russia. All in all, Venezuela has purchased billions of dollars worth of military equipment and arms from Russia. These arms have the potential of enabling terrorists and destabilizing Latin America.

The sheer scale of ongoing Russian arms sales since 2004 justifies the alarm that the United States and Latin American countries feel. The arms sales make no strategic sense since there is no U.S. or other military threat. In addition to arms sales, Russia has helped develop factories in Venezuela that can make parts for Russian rifles, their ammunition and their fighters, with an announced goal of producing 50,000 rifles a year.<sup>113</sup> In September 2009, Russia advanced Venezuela a \$2 billion credit to buy even more arms including battle tanks and anti-ballistic missile systems. In return for this credit, Russia was allowed to join the national oil company, Petroleos de Venezuela, S.A. (PDVSA) and explore the oil fields in the Orinoco River Basin<sup>114</sup>. This is an example of the Russian-Venezuelan partnership being one of strategic geopolitical importance.

### *Threats Posed by Arms Buildup*

Questions arise regarding the purpose of the Venezuelan arms buildup. Why is Venezuela using so many financial resources to purchase these arms and for what purpose? Does the arms buildup have any connection to international terrorism and/or threaten neighboring Latin American nations?

Venezuela's purchase of arms is alarming considering the possibility that they could be used in acts of terrorism. Hugo Chávez has open disdain for the United States and its involvement in international affairs. These sales aim to give Chávez what he needs to foment his Bolivarian Revolution throughout Latin America. Chávez is selling Russian arms to insurgents and left-wing regimes all over the continent. The acquisition of these weapons makes no sense unless he is planning an arms race in Latin America.<sup>115</sup>

- Significantly increase collaboration with international partners to monitor and gather intelligence about the existing partnership between the Venezuelan regime and state sponsors of terrorism, and expose the Bolivarian/terrorist connections.

Venezuela's nearly decade-long purchasing of Russian military arms has been evidenced in the belief that Venezuela is connected to terrorism. During Chávez's first few years in office, he forged strong ties with leaders of notorious American enemies such as Cuba, Libya and Iraq.<sup>116</sup> These alliances involve transfers of weaponry (likely of Russian origin) and purging the military of any pro-US supporters. Pro-US supporters in the military were replaced with Cuban advisors and Special Forces from the People's Republic of China. Two examples of terrorist connections are Venezuela's ties to Islamic terrorist organizations and narcoterrorism in Colombia.

#### *International Islamist Terrorist Organizations*

Venezuela has aided, abetted and comforted Islamist terrorist organizations operating in the region. It has granted the extremist Hezbollah group permission to operate freely on Isla Margarita (a Venezuelan island in the Caribbean Sea) and run an Arabic-speaking propaganda

radio station. It has also been known to help Muslim terrorists who trained with September 11<sup>th</sup> hijackers by providing manufactured Venezuelan identity papers. The terrorists they helped then carried out a foiled attack against a British airliner.

Venezuela has also openly spoke out in support of attacks in Iraq against American and coalition troops and Iraqis involved in the new American-established government.<sup>117</sup>

### *Narcotics and Colombia*

A pressing issue is Venezuela's alleged connection to Colombian terrorist groups. Venezuelan troops have aided and abetted narcoguerrilla groups desiring to overthrow the Colombian government.<sup>118</sup> The efforts of FARC (Revolutionary Armed Forces of Colombia) and ELN (National Liberation Army) have been helped by Venezuela. Notably, Venezuela has begun to ship arms and supplies to the guerilla troops on an almost daily basis.<sup>119</sup> As these groups become more enabled, they have the possibility of reaching their goal of overthrowing the government.

In addition to invaluable arms and supplies shipments, Venezuela enables these groups in other fashions. For one, it has opened its borders for guerilla troops to operate in Venezuela. FARC operates camps near the Venezuela-Colombia border but on the Venezuelan side. The Venezuelan army has strict orders to not interfere with FARC's activities in Venezuela. When in Venezuela, FARC is able to plan their next moves without fear of arrest. Key FARC and ELN commanders even live in Caracas hotels and receive treatment nearing the quality of diplomats.<sup>120</sup>

- Strengthen U.S. support for democratic and market institutions to keep poor countries in the region from sliding toward economic decline and, ultimately, authoritarianism.

Venezuela's arms buildup is alarming due in part to its aspiration of spreading its ideology to neighboring countries. It is important that the United States recognize the connection between Russian arms sales and Bolivarianism. Bolivarianism is an attractive ideology for nations whose economies and industries are failing.

Bolivarianism is a pan-South American extremist ideology that threatens the stability of the continent. It is described as a mixing of Maoist and Castroist ideologies. It is a style of Marxism that is replacing the Soviet-style Marxism-Leninism.<sup>121</sup> Chávez has pioneered the ideology in Venezuela and with enabling guerilla armies, it could potentially spread. Evidence points to the Venezuelan government financing (militarily and financially) the radicalization of indigenous movements throughout South America including those in Ecuador, Peru and Bolivia. In fact, Venezuela aided in overthrowing Bolivia's pro-US President Sanchez de Losada in 2003.<sup>122</sup>

Chávez has sought to engage Russia in participation in the Bolivarian Alternative for Latin America and the Caribbean (ALBA). Medvedev is considering the offer as it aligns with Russia's desire for a multipolar world.

Bolivarianism has been spread by Venezuela, enabling small pockets of radicals throughout the continent. FARC personnel stationed in Caracas have trained Bolivarian groups on coup d'état strategies to take back to their home countries. Chávez funds the creation of these groups in places like Bolivia, Uruguay, Ecuador and even in the United States. The Bolivarian groups, no matter in which country they are located, share the belief that the United States must

remain out of South American relations. Venezuela has been materially assisting and financing these radical anti-American parties in order to build a blockade against US influence in the area.<sup>123</sup> For instance, Venezuela funded the Sandinista movement of Nicaragua which was staunchly anti-American.

Nations around Venezuela not involved in the Bolivarian insurgency raise alarm about the \$5.4 billion in Russian arms sales to Venezuela. These reports raise the issue that Venezuela may be initiating a continental arms race. Venezuela has acquired the largest Latin American naval fleet after buying submarines, and air force equipment with huge arms purchases and hundreds of thousands of Kalashnikovs. Countries such as Chile, Colombia and Brazil fear that Russian arms will reach even greater numbers of insurgents such as FARC.

Russia has increased the amount of arms and military supplies sold to Venezuela. While Venezuela claims that all purchases are necessary for self defense, evidence points to the contrary. The arms and military supplies which is a basis for the partnership between Russia and Venezuela threatens to destabilize neighboring South American countries and aid international terrorism.

- Reduce American dependence on foreign state energy monopolies by allowing market prices to encourage exploration elsewhere and technological breakthroughs. Do not remain dependent on foreign oil from a state whose energy future is unclear due to authoritarian rule.
- Increase funding for research into alternative energy methods in the United States which will allow the United States to be self-sufficient.

Since the beginning of Chávez's presidency in 1999, he has advocated a multipolar world as opposed to what he sees as a current unipolar world. Unipolarity is a euphemism for American hegemony<sup>124</sup>. Chávez, as a leader and propagator of Bolivarianism, speaks out against American influence in South America and the global South as a whole. Bolivarianism aims to create a bloc against US influence in the region by supporting extremist national movements that are anti-American. After a supposed US supported attempt to oust him out of presidency in 2002, Chávez began to use the term "imperialism" to describe American influence in the global South and notably South America. Chávez envisions a transformation of the South American countries into blocs tied together by economics and politics. For Venezuela, these blocs include the Common Market of the South and OPEC.<sup>125</sup>

The United States has ties to Venezuela and Latin America as a whole that a confrontational leader like Chávez could disrupt. For one, the United States depends in part on Venezuelan oil imports. The United States does have other partners in suppliers of energy but it has invested heavily in Venezuela. Companies such as ExxonMobil and ConocoPhillips have integrated themselves into the Venezuelan oil production process. However, if Chávez continues ousting foreign companies out of the country and further nationalizes the energy sector, these businesses will lose profit and the United States will lose a source of energy.

Venezuela's relationship to OPEC and its relationship to its oil trade with Russia bodes ill for energy security for the United States. Chávez has consistently challenged US interests through his concept of the multipolar world as applied to OPEC. Chávez has acted as a conciliator between OPEC members such as Iraq, Iran, Libya and Algeria and other members which the US views as security threats. Chávez has put Venezuela at the forefront of OPEC and has made himself a key figure. In 2000, he went to all 10 OPEC nations to personally invite the

heads of state to OPEC's summit being held in Caracas.<sup>126</sup> Chávez's early leadership within OPEC earned him the respect of members with which the United States has had conflict.

- Prioritize Latin America as a concern that needs to be addressed in devising foreign policy in order to prove to other Latin American nations that the region does offer benefits to the United States.

Venezuela has been slightly successful in countering American interests in the area because the United States does not have a hemispheric strategy. Old friends in the region feel abandoned by the United States and have allowed Venezuelan and Russian influence to grow. While the United States has virtually abandoned the area because of how severely polarizing the topic is in Washington, Venezuela has continued to rack up its allies.

Venezuela and the United States depend on the benefits earned from Venezuela exporting oil to the United States. In fact, 68% of oil exports are destined for the United States.<sup>127</sup> On numerous occasions, Chávez has threatened to stop its oil exports to the United States. His threats are based on fears that the United States will overthrow Chávez's government. If the United States were to act aggressively, Venezuela would pursue oil cutoffs. Questions would then be raised about the reliability of Venezuela as an oil supplier.

Both Russia and Venezuela are nations whose economies depend almost fully on the energy sector. Both are rich in natural resources, oil and natural gas, and remain regional powers for that reason. Venezuela is using oil as a geopolitical weapon and is being enabled by Russia's willingness to partner. Again, this partnership is in line with Chávez's idea of countering American influence in world politics, especially in South America where he strives to create a

sphere of Latin American nations united under Bolivarianism. Russia and Venezuela have partnered and are threatening the security and affordability of oil.

Russia and Venezuela have agreements for access to each other's energy reserves. Russia provided Venezuela with a \$2 billion credit for military supplies in exchange for access to the oil-rich Orinoco River basin. Each of the three (LUKOIL, TNK-BP and Gazprom) Russian oil companies has staked out drilling properties in the basin. For example, PDSVA has granted LUKOIL the Junin-3 region.<sup>128</sup> Each Russian company has had a monopoly over a block of territory for two consecutive years.

Venezuela's agreements with Russia hold heavy political undertones pertaining to the United States. The three Russian companies have essentially replaced American companies Exxon-Mobil and ConocoPhillips. Venezuela is signing deals with Russian oil companies because they provide more advantageous benefits such as military arms credits.

Russia and Venezuela are among the trendsetters in the practice of petro-rich countries becoming authoritarian governments. The rise of oil prices has accelerated this process of decline in democratic governance.<sup>129</sup> High revenues from energy allow the government to buy off political opponents and the media, as Venezuela did when it disabled RCTV in 2006. Oil revenues to both Venezuela and Russia generated by the Orinoco River basin will lead to increased authoritarian governments in each state. Both nations depend heavily on their energy sectors for revenue.

## *Conclusion*

Through a strategic partnership with Russia, Chávez envisions countering an American unipolar world and elevating the ideology of Bolivarianism in Latin America. Under Hugo Chávez, Venezuela shares the same belief as Russia that the world should be made more multipolar. This belief invokes fear in the United States as Chávez appears to be militarizing Venezuela and supporting extremist insurgents in nearby countries.

The United States depends on Venezuela for oil and has invested years and fortunes into developing parts of the oil rich Orinoco River basin. If Chávez continues to transform his nation into one of authoritarian rule, oil imports to the United States are trivialized. Chávez has made it clear that Venezuela will favor Russian oil companies as they provide attractive incentives- arms sales.

Venezuela is a nation that has undergone sweeping transformations since Chávez was elected to presidency. The Russian partnership has enabled Venezuela to act in dangerous ways like abetting Colombian insurgent groups. The United States must remain vigilant to the developments and relations that Venezuela is pursuing with Russia to secure its interests in Venezuela itself and neighboring nations.

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## APPENDIX

### **Selected Research Papers of Task Force Students**

Marisa Dyrzcz, “Nongovernmental Organizations in Russia.”

Thomas Frasene, “Wrestling in the Kyrgyz Theater: Analyzing U.S.-Russian Relations in a Third-Party Country.”

Maria Menglin Guo, “Child Labor in Russia.”

Sarah Heck, “The 2008 Military Conflict between Georgia and Russia.”

Bryndis Ingimarsdottir, “Assessment of United States Chemical Weapons Reductions Policy Towards Russia.”

Jena Ladenburg, “The U.S.-Russia Conventional Weapons Gap: Why It Could Prevent Further Arms Reductions.”

Angela Meyer, “US-Russian Bilateral Trade: The Political Economy of WTO Accession.”

Megan Stock, “Intellectual Property Rights in Russia.”

## **Introduction**

Civil society is the public space between home and the government where citizens collectively address the needs of society that would otherwise be neglected or insufficiently developed. Repressive actions against non-governmental organizations (NGOs), civic actors (reporters, activists), and election monitors are well known in Russia. On the other hand, the government, specifically the Putin administration, has also been responsive to the public, a point which cannot be overlooked.<sup>1</sup> To effectively evaluate the state of civil society in Russia, it is important to assess the extent of participation and how much of this participation has been hindered or facilitated by the government. Equally important is considering what other factors effect participation and whether the outcomes have been fruitful and meaningful.

## **Evolution of Independent Associations in Russia**

During the Soviet era there were no independent associations in Russia. After the fall of the USSR, power administrations opened up to society, claiming “civil control” of the army and independent associations wishing to work in cooperation with state institutions were created.<sup>2</sup> According to Article 12.2 of the United Nations Declaration on Human Rights Defenders, “The State shall take all necessary measures to ensure the protection by the competent authorities of everyone, individually and in association with others, against any violence, threats, retaliation, *de facto* or *de jure* adverse discrimination, pressure or any other arbitrary action as a consequence of his or her legitimate exercise of the rights referred to in the present Declaration.”<sup>3</sup>

As a full participating member of the Organization for Security and Cooperation in Europe (OSCE), the Russian Federation acknowledges that, “the [1998] UN Declaration on Human Rights Defenders [... places] a responsibility [...] on states to adopt and implement adequate legislation and administrative procedures that would provide for a conducive environment for human rights defenders to promote and strive for the protection and realization of human rights and fundamental freedoms at the national and international levels”, and recognizes “the need for particular attention, support and protection for human rights defenders by the OSCE, its institutions and field operations, as well as by participating States.”<sup>4</sup>

Today cooperation exists between non-governmental institutions and the government in Russia, but the possibility for an NGO to be openly critical of the government does not exist and the overall picture of cooperation is often painted as bleak. With little public space and an underdeveloped civil society, the ability for NGO’s to influence the legislative process and political life is severely proscribed. This reality is disconcerting for a society which suffers from great social differences, especially economically. There is an extreme gap between the rich and the poor. Furthermore, the public has a deep-rooted mistrust of formal institutions thereby imbuing political passivity within the populace.<sup>5</sup>

### **Current Situation Regarding Russian NGOs**

Medvedev has called for improving the conditions of NGOs and charitable foundations.<sup>6</sup> NGOs’ in Russia persistently face criticism from representative institutions of power, believing NGOs are necessary but should abide strict rules.<sup>7</sup> Sources of criticism from power institutions include the police and the Justice of Ministry, which have accused NGOs of fronting money

laundering practices.<sup>8</sup> Furthermore, reports from the Observatory of Defenders of Human Rights contain numerous examples of aggressive tactics aimed at independent NGOs.<sup>9</sup>

NGOs are often accused of not serving the true interests of the populations but the interests of international groups.<sup>10</sup> On the other hand, institutions of power in Russia, especially law enforcement agencies, are often seen as the instigators of repressive tendencies in society and the primary human rights violators.<sup>11</sup>

Critics have accused Russian authorities of embarking on a campaign to undercut the integrity of non-governmental institutions that focus on democracy and human rights while building up regional institutions that unite authoritarian political entities around military and security cooperation.<sup>12</sup> Targets for obstruction include the Office for Democratic Institutions and Human Rights with the OSCE, whose election monitoring has exposed the workings of “decorative democracy,” and the Strasbourg-based European Court of Human Rights, whose rulings have highlighted corruption and other official misconduct in Russia.<sup>13</sup>

Meanwhile, Russian authorities have favored institutions like the Shanghai Cooperation Organization, which brings together China, Kazakhstan, Kyrgyzstan, Russia, Tajikistan, and Uzbekistan, and pointedly relegates all human rights concerns to the sovereign realm of individual regimes.<sup>14</sup> According to the 2009 Freedom House report, Russia scored a 6 out of 7 on political rights and a 5 out of 7 for civil liberties.<sup>15</sup> Overall, Russia was labeled as ‘not free’ and also categorized as being less free than the year before.<sup>16</sup> Countries such as Bahrain, Jordan, Kuwait, Pakistan, and Yemen scored better than Russia, with the label of ‘partly free’.<sup>17</sup> The ranking system however should not be seen as an ultimate authority on the reality of the situation in Russia. “The root of the ranking problem probably lies in the overly generous assessments of

Russian democracy in the 1990s that are etched in stone and not subject to retrospective analysis and correction.”<sup>18</sup>

Despite ongoing attacks and criticism, NGO’s in Russia have been resilient against opposition. Informal ties and personal relationships have been key to their survival.<sup>19</sup> Relations between nongovernmental organizations and power ministries emerge on various levels, but in Russia, personal relations are the most valuable.<sup>20</sup> Making connections with individuals in the upper tiers of power ministries is the key to opening doors, but it is also more difficult. Connections with lower ranking individuals equate to more autonomy for the individual and therefore, easier contact.

Nonetheless, autonomy is relative regionally and in some areas more is dependent on the regional authority than the federal one.<sup>21</sup> Regional differences are also important to consider. Good relations in one region may not be possible in others. NGO workers have articulated in interviews that it is becoming increasingly difficult every year to work with authorities. The mobility of local actors further hinders cooperation. For example, when a new prison director is hired, an NGO must rebuild relations with the new appointee and once more justify actions and programs that have been implemented.<sup>22</sup>

Individuals that have voiced criticism or been outspoken about abuses of power have found themselves in serious trouble. Attacks on well known civic leaders have often been brutal. Carine Clément, Director of the Independent Institute of Collective Action (IKD) has been the victim of three separate acts of violence since 2008.<sup>23</sup> In one incident, she was assaulted by two unknown young men who stuck a syringe in her thigh as she made her way to a public meeting.<sup>24</sup> Attacks against Ms. Clement seem to be related to her active support to the development of independent social, civic and trade union initiatives in Russia.<sup>25</sup>

Mikhail Beketov is a journalist and editor-in-chief of the *Kimkinkaia Pravda* newspaper, known for his critical articles in which he denounced the corruption of local authorities.<sup>26</sup> On November 13, 2008 Beketov, was found by a neighbor lying in the courtyard of his building after a brutal beating in the Khimki district of Moscow.<sup>27</sup> Doctors said the injuries he sustained could easily have been fatal. He has lost a leg and is unable to speak due to the attack.<sup>28</sup> Mr. Beketov has also been convicted of slander after accusing a local politician of an earlier attack.

Stanislav Markelov, a widely known lawyer and human rights advocate, was shot dead in the center of Moscow on Jan. 19, 2009.<sup>29</sup> In 2004, Amnesty International campaigned on his behalf after he had been attacked, beaten and had documents stolen pertaining to his work on behalf of the family of Zelimkhan Murdalov, a young Chechen man who was tortured by Russian law enforcement official Sergei Lapin.<sup>30</sup> Accordingly, these stories highlight the dangers associated with civic participation in Russia that is disapproved of by the government.

### **Russian Law, Politics, and NGOs**

Legal obstacles also undermine the work of NGOs. In April 2006, a new law was imposed requiring the re-registration of all Russian and international associations present in Russia.<sup>31</sup> The 2006 law introduced complicated registration procedures, requiring lawyers in order to produce flawless documents.<sup>32</sup> Organizations that cannot afford lawyers often turn in documents that do not follow guidelines, putting them at risk of liquidation or having to spend hours of extra time trying to fix the mistakes.<sup>33</sup>

Registering an NGO is more time-consuming and expensive than registering a business.<sup>34</sup> One study revealed that registering an NGO costs 40 percent more than a business organization and takes twice as much time due to the legal assistance required.<sup>35</sup> The submission of

documents in certain regions is expensive too because it requires travelling to regional centers. According to the International Center for Nonprofit Law (ICNC), the 2006 law's grounds for registration denial are "groundlessly broad in comparison with commercial organizations" and "unspecific".<sup>36</sup> Examples of ambiguous phrasing in regards to registration denial include, if "documents are prepared in an inappropriate manner" or "run counter to the Constitution and legislation of the Russian Federation."<sup>37</sup> Dmitry Berezhkov, chairperson of the Executive Committee of the Russian Association of the Indigenous Peoples of the North, the Ministry of Justice has criticized the government for doing little to help NGOs with register and comply with the new law.<sup>38</sup> Berezhkov also told Human Rights Watch that in 2007 it took some NGOs over a year to register because their documents kept being returned.<sup>39</sup>

According to the ICNL, the number of audits of NGOs in Russia has always been high, but with the implementation of Law 134, the auditing of NGOs has been limited to no more than once every two years.<sup>40</sup> "In 2007, four out of five NGOs in Russia did not submit reports in the required format by the by the legislated deadline, leaving them potentially vulnerable to involuntary liquidation."<sup>41</sup> Between 2007 and 2008, there was a decrease in registered NGOs from 675,000 to 655,400.<sup>42</sup>

While studies reveal that the 2006 law made it difficult for NGOs to comply with legal requirements of Law 134, surveys funded by the USAID and studies conducted by the ICNL reveal that Law 134 has not intensified the difficulties of NGOs in that since the law was enacted, there has been no increase in the number of audits of NGO activities, the presence of uninvited government officials/representatives, or requests of information.<sup>43</sup> The "intensified crackdown" on NGOs seems to be more of an exaggeration than a reality. For example, after the law was passed, there was only a 3% drop in NGOs.<sup>44</sup> Furthermore, the cost of registering NGOs is 2000

rubles, which equates to about 66 U.S. dollars.<sup>45</sup> This cost is affordable for most NGOs and not any more than the cost of registering a business. However, this figure does not factor in the need for legal assistance for registration.<sup>46</sup>

It is therefore important to investigate the reasons for NGO closures. Interviews with NGO leaders reveal that financial mismanagement and corrupt practices are often the reasons for NGO liquidation.<sup>47</sup> The involuntary liquidation of 2,600 NGOs in 2007 was due to failures predating Law 134.<sup>48</sup> Furthermore, in a survey of 1054 NGO leaders, participants were asked what the main problems for their organizations to function fully were. “Pressure on NGOs from government” was cited by 2.9% of the respondents, which tied for 13<sup>th</sup> ranked with “coworkers do not have enough knowledge and skills”.<sup>49</sup> On the other hand, the most cited response was “not enough money, material resources,” cited by 59% of respondents.<sup>50</sup> Information such as this is important not in discrediting claims of downward trends in Russia, but in presenting other explanations that do not fit in the typical paradigm characterizing Russian civil society.

### **Funding of Russian NGOs**

NGO funding is key to understanding the status of civil society in Russia. International exchanges (prizes, awards, funding) is an essential factor of NGO recognition.<sup>51</sup> In Russia, “no one recognizes an organization so long as it isn’t recognized abroad”.<sup>52</sup> For NGO’s in Russia, international support means more leverage in their interactions with authorities, who otherwise would not be cooperative. International exchanges help members gain foreign funding, some of which is maintained for extended periods.<sup>53</sup>

There are also government-financed grant competitions aimed at supporting community driven projects and civic awareness.<sup>54</sup> The first federally funded competition to support NGOs began in 2006.<sup>55</sup> \$15 million was granted to 600 NGOs and since 2007, approximately 50 billion dollars have been granted to support various projects in Russia.<sup>56</sup> “In January 2010, government funding to NGOs took an additional step forward with the State Duma approval of a bill to support ‘socially oriented NGOs,’ including those focusing on charity, the environment, historical and cultural preservation, welfare assistance, and human rights.”<sup>57</sup>

While these are positive developments, their effectiveness should also be considered as to whether they are promoting civic progress. One concern is that funding will only go to NGOs that are not in conflict with the Russian government and its policies. If non-adversarial organizations are exclusively being funded, the government cannot be commended for promoting civic development if space for divergent and critical viewpoints is not also supported. The Moscow Helsinki Group, a prominent human rights organization in Russia, notorious for its outspoken critiques of the government received a grant of 100,000 from the government.<sup>58</sup> Furthermore, the Committee of Soldier’s Mothers was granted 30, 000.<sup>59</sup> Accordingly, accusations of biased funding are contradicted by these grants.

Another positive sign in the progress of Russian civil society is the ability of NGO members to name changes and progress for which they have been responsible. Examples of this include, “a change in the way of thinking”, “a change in psychology and in relations with people”, the scrapping of a bill: “we [*the committees and the Prokuratura*] stopped the law on the military police”, the withdrawal of a measure (“We believe that the President's decision to exclude registration and control of NGOs from the Russian Register Service and its abolition on October 1, 2008 was a result of the active work of a number of Russian human rights groups,

including Agora, in 2006-2008”) and finally, the ousting of a minister (“We also think that we had a similar impact on the dismissal of the Defence Minister Sergey Ivanov in 2007”).<sup>60</sup>

When asked if they felt their NGO had achieved their stated goals, 64% said they felt the NGO influenced public opinion, 30% said they felt their NGO secured government transparency, and half felt their NGO influenced government decision making.<sup>61</sup> Members of NGO’s that were interviewed felt they had a genuine influence on social change. Some members recognized their words or excerpts from their publications used in official rhetoric. Some of the ideas echoed by government officials would never have been put forth a few years ago, thereby exemplifying the impact of these non-governmental actors.<sup>62</sup> Members also believed that the impact of their projects would be felt in the long-term and not so much in the short, agreeing that their work was for the future.<sup>63</sup> In the Altai Republic, a local activist lobbied to have native lands declared a national park and succeeded.<sup>64</sup> In Kemerovo, an activist went to court and won possession of a building to house NGOs.<sup>65</sup> Survivors of the 2004 siege on the school in Beslan have become some of the most active civil society actors, forming organizations calling for government transparency and organizing peaceful demonstrations.<sup>66</sup>

## **Conclusion**

The purpose of citing the positive outcomes is not to weigh the negative to the positive to measure progress, or the lack thereof. Instead, citing positive evidence highlights the success stories which often go unmentioned as critics seek to sensationalize the digression of democratic processes in Russia. The story of NGOs in Russia is not all negative. Earning respect and legitimacy will take time, but it seems as though there are improvements emerging despite a

laundry list of setbacks. So long as the struggle continues, there is hope for a more democratic and freer Russian society.

## Endnotes

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<sup>2</sup>Elisabeth Kozlowski, NGOs and the Power Ministries in Russia: From Resistance to Cooperation, *Journal of Power Institutions in Post-Soviet Societies*, 7.

<sup>3</sup><http://www.omct.org/human-rights-defenders/urgent-interventions/russia/2008/11/d19648/>.

<sup>4</sup>Ibid.

<sup>5</sup>Henning Schroder, Robert Orttung, and Grigorii Golosov, "No. 77: Institutions in Russia," *Russian Analytical Digest*, 2010: 2.

<sup>6</sup>Ibid.

<sup>7</sup>Kozlowski, 5.

<sup>8</sup>Kozlowski, 7.

<sup>9</sup>Ibid.

<sup>10</sup>Kozlowski, 2.

<sup>11</sup>Ibid..

<sup>12</sup>[http://www.freedomhouse.org/uploads/special\\_report/83.pdf](http://www.freedomhouse.org/uploads/special_report/83.pdf)

<sup>13</sup>[http://www.freedomhouse.org/uploads/special\\_report/83.pdf](http://www.freedomhouse.org/uploads/special_report/83.pdf)

<sup>14</sup>[http://www.freedomhouse.org/uploads/special\\_report/83.pdf](http://www.freedomhouse.org/uploads/special_report/83.pdf).

<sup>15</sup>Javeline, 172.

<sup>16</sup>[http://www.freedomhouse.org/uploads/special\\_report/83.pdf](http://www.freedomhouse.org/uploads/special_report/83.pdf)

<sup>17</sup>Javeline, 172.

<sup>18</sup>Javeline, 173.

<sup>19</sup>Kozlowski, 7.

<sup>20</sup>Ibid.

<sup>21</sup>Kozlowski, 7.

<sup>22</sup>Kozlowski, 4.

<sup>23</sup><http://www.omct.org/human-rights-defenders/urgent-interventions/russia/2008/11/d19648/>.

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<sup>24</sup>Ibid.

<sup>25</sup>Ibid.

<sup>26</sup>Ibid.

<sup>27</sup>Ibid.

<sup>28</sup> <http://www.dailymail.co.uk/news/article-1328448/Russian-journalist-Mikhail-Beketov-disabled-beating-convicted-slander.html>.

<sup>29</sup> <http://www.amnesty.org/en/news-and-updates/news/prominent-human-rights-lawyer-murdered-moscow-20090119>.

<sup>30</sup>Ibid.

<sup>31</sup> Kozlowski, 2.

<sup>32</sup> <http://www.amnesty.org/en/news-and-updates/news/prominent-human-rights-lawyer-murdered-moscow-20090119>.

<sup>33</sup>Ibid.

<sup>34</sup>Matthew Schaaf, T. Lokshina, and Alexander Petrov, *An Uncivil Approach to Civil Society: Continuing State Curbs on Independent NGOs and Activists in Russia*,: 26.

<sup>35</sup>Schaaf, 27.

<sup>36</sup>Ibid.

<sup>37</sup>Ibid.

<sup>38</sup>Schaaf, 29.

<sup>39</sup>Ibid.

<sup>40</sup>Javeline, 174.

<sup>41</sup>Ibid.

<sup>42</sup>Ibid.

<sup>43</sup>Javeline, 175.

<sup>44</sup>Ibid.

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<sup>45</sup>Ibid.

<sup>46</sup>Ibid.

<sup>47</sup>Javeline, 174.

<sup>48</sup>Ibid.

<sup>49</sup>Ibid.

<sup>50</sup>Ibid.

<sup>51</sup>Javeline, 177.

<sup>52</sup>Ibid.

<sup>53</sup>Ibid.

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<sup>56</sup>Ibid.

<sup>57</sup>Ibid.

<sup>58</sup>Javeline, 183.

<sup>59</sup>Ibid.

<sup>60</sup>Kozlowski, 5.

<sup>61</sup>Javeline, 183.

<sup>62</sup>Ibid.

<sup>63</sup>Ibid.

<sup>64</sup>Ibid.

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*Thomas Frasene, Wrestling in the Kyrgyz Theater: Analyzing U.S.-Russian Relations in a Third-Party Country.*”

## **Introduction**

The emergence of global interest in Kyrgyzstan during the past decade surprises many who are unfamiliar with this tiny country. Kyrgyzstan gained its independence after the collapse of the Soviet Union, becoming both the least populated and most impoverished of all former Soviet republics.<sup>1</sup> Additionally, Kyrgyzstan lacks the bountiful natural resources of its larger neighbors Uzbekistan and Kazakhstan; hydroelectricity is its most promising natural resource.<sup>2</sup> Towering mountains in a rugged landscape impose difficult transit conditions on this land-locked country, and Kyrgyzstan remains vulnerable to its wealthier neighbors’ economic agendas. Despite this, Kyrgyzstan is the only country in the world where both NATO and Russia have military bases.<sup>3</sup> The U.S. airbase at Manas, just outside of the Kyrgyz capital Bishkek, is of critical importance to the ongoing war in Afghanistan as every U.S. soldier going to Afghanistan departs from Manas.<sup>4</sup> Russia, in turn, established its military presence in 2003 on the opposite end of Bishkek.<sup>5</sup>

The Russian move was a direct counter to the U.S. base, and it started a contest of influence in Kyrgyzstan between two of the world’s greatest powers. This paper analyzes the U.S.-Russian diplomatic struggle in Kyrgyzstan and its implications for future U.S.-Russian relations regarding third-party countries. First, the paper presents a brief history of U.S. and Russian involvement in Kyrgyzstan since 2001. The paper will then demonstrate that Russia’s stated sphere of influence is considerably larger than its practical sphere, and the U.S. should view Russia as more of a potential ally in Kyrgyzstan rather than an adversary. Finally, the

paper concludes with implications of the U.S.-Russian contest in Kyrgyzstan for U.S.-Russian relations in other countries.

### **Historical Background**

After the September 11<sup>th</sup> attacks, the U.S. quickly realized the need for an airbase outside of Afghanistan for the impending invasion. The U.S. agreed to terms with the government of Kyrgyzstan due to its proximity to Afghanistan (200 miles) and its cheap rent, starting at \$2 million per year.<sup>6</sup> Around the same time, the U.S. opened another airbase in Uzbekistan between the towns Karshi and Khanabad.<sup>7</sup> Russian President Vladimir Putin at first supported the U.S. military bases in Kyrgyzstan and Uzbekistan, citing the common interest of subduing the Taliban and the Islamic Movement of Uzbekistan (IMU). Putin took advantage of the war on terror momentum by opening a Russian anti-terrorism headquarters in Kyrgyzstan in 2001.<sup>8</sup> 2003 saw the more complete Russian response to the Manas base when Russia established its Kant base in October, symbolically rebuilding a former Soviet outpost.<sup>9</sup>

In 2005 regional conflicts shook U.S. influence in Central Asia. Violence broke out in the Uzbek region of Andijon, and Uzbek President Islam Karimov addressed the situation by brutally suppressing riots. After U.S. officials denounced Karimov's violent tactics, Uzbekistan quickly closed the American airbase at Karshi-Khanabad.<sup>10</sup>

But the American criticism covered up other issues in the delicate relationship with Uzbekistan. Karimov felt ill informed about the future of the Karshi-Khanabad airbase, and the president amongst other high-ranking officials felt insulted by the lack of U.S. bribe money.<sup>11</sup> Furthermore, Russia encouraged Uzbekistan to oust the U.S.—this manifested itself most visibly in the Russian-Uzbek “Treaty on Allied Relations” signed in November 2005.<sup>12</sup> More indirectly,

Russia operated through the Shanghai Cooperation Organization (SCO) which was created to foster peace and trade between Russia, China and former Soviet neighbors.<sup>13</sup> In 2001 Uzbekistan joined the SCO, and Russian and Chinese pressure in 2005 produced an official SCO statement urging the U.S. to present a timetable for the exit of its military presence in Central Asia.<sup>14</sup>

Kyrgyzstan also witnessed political upheaval in 2005, culminating in the Tulip Revolution in April that expelled autocratic strongman Askar Akaev, who had ruled the country since its independence.<sup>15</sup> The Tulip Revolution was an authentic and popular reaction against an oppressive ruler and a superficially democratic system, but new President Kurmanabek Bakiyev proved to be just as repressive and anti-democratic as Akaev.<sup>16</sup> Bakiyev also chose to initially grow closer to Moscow and Beijing at the expense of Washington.<sup>17</sup> The SCO released its aforementioned statement concerning the expulsion of U.S. forces from Central Asia, and two weeks later, the day after his electoral victory, Bakiyev endorsed this view and called for a U.S. exit. The U.S. responded quickly to diffuse the situation, flying Condoleezza Rice and Donald Rumsfeld to Bishkek, doubling the Manas rent, and pledging an additional \$150 million in aid to Kyrgyzstan to secure Manas.<sup>18</sup>

After the restoration to status quo conditions in Kyrgyzstan in 2005, the U.S.-Russia contest reached a standstill for roughly four years. But in 2009 new Russian President Dmitri Medvedev renewed efforts to align Moscow and Bishkek, attempting again to close the Manas airbase. In a spree of Russian-Kyrgyz cooperation, Bakiyev and Medvedev proclaimed the cancellation of Kyrgyz debt, \$300 million in loans to Kyrgyzstan, and an estimated \$2 billion in aid to develop the Kyrgyz Kambarat-1 hydroelectric dam.<sup>19</sup> The same day, Bakiyev also

declared the closing of the Manas base, and Parliament passed three agreements with Russia the next day.<sup>20</sup>

The U.S. again had to react swiftly to save Manas. General Petraeus visited Bishkek, and a June 2009 deal increased the U.S. rent to \$60 million in addition to \$66 million for investment in aircraft storage and traffic expenses. The Manas airbase would also henceforth be officially known as the “Transit Center at Manas International Airport.”<sup>21</sup> The name change reflected Kyrgyzstan’s growing frustration with the U.S. and its view that the violence in Afghanistan was diminishing.<sup>22</sup> Russia was not consoled by the name change, though, so it forged a deal later in 2009 to permit a second Russian military base in Kyrgyzstan, but little progress has been made.<sup>23</sup>

The final major event for the U.S.-Russian contest in Kyrgyzstan occurred in the spring of 2010 when a coup d’état overthrew Bakiyev in April, and violence broke out between the ethnic Kyrgyz and ethnic Uzbek in the south of Kyrgyzstan in June.<sup>24</sup> The clashes killed at least 350 people although the Red Cross claims the number is closer to 700.<sup>25</sup> The violence caused the displacement of roughly 400,000 people, and about 80,000 ethnic Uzbeks crossed from Kyrgyzstan into Uzbekistan.<sup>26</sup>

The sources of the June violence remain vague; “competing narratives” exist although many in Kyrgyzstan are under the impression that outside political forces played a significant role.<sup>27</sup> The sources of the April coup are also unclear. In March, the U.S. declared it would build a \$5.5 million military training ground for Kyrgyzstan to address narcotics and terrorism threats, closely working with then-President Bakiyev throughout the process.<sup>28</sup> Russia responded by convincing Kyrgyzstan to permit the construction of a second military base as previously mentioned.<sup>29</sup> Despite the agreement, Russian frustration with Bakiyev grew, and a *New York Times* article blamed Russia for “employing a range of soft-power tactics to undermine

Mr. Bakiyev's government."<sup>30</sup> The same article interviewed author Alexander Cooley who blamed "this geopolitical tug of war" between Russia and the U.S. in part for the April coup.<sup>31</sup> In the midst of the June ethnic violence, interim President Roza Otunbayeva pleaded with Russia and officially asked for military assistance, but Russia declined, only providing small humanitarian aid and more soldiers to protect its base.<sup>32</sup>

Otunbayeva, a former ambassador to the U.S. and the Kyrgyz prime minister, has organized a transition to a more democratic state.<sup>33</sup> A June 27, 2010 referendum saw the triumph of a parliamentary system over the existing presidential system, and elections occurred in October 2010.<sup>34</sup> This resulted in five parties that attained more than the necessary five percent minimum to attain a seat. No clear winner emerged, and political difficulties will most likely characterize the system in the near future as the newly-former parties learn to cooperate.<sup>35</sup>

But at least three and possibly four of these parties seemed hostile to Russia during the campaign. The unabashedly pro-Moscow party Ar-Namys, who printed images of its leader Felix Kulov shaking hands with Vladimir Putin, finished third and did not join the coalition government.<sup>36</sup> This latest development presents a temporary gain for the U.S. although pro-Moscow politicians may benefit if the other parties cannot work well together.

The history of Kyrgyzstan since 2001 largely reflects the seemingly overenthusiastic interests that two very powerful countries have for one poor, landlocked, and unstable state. But Kyrgyzstan's proximity to Afghanistan, its history as a former Soviet republic, and the expulsion of the U.S. from Uzbekistan have catapulted the country to the forefront of geopolitics. Perhaps most importantly, Kyrgyzstan possesses the audacity to engage in its self-declared "multi-vector foreign policy" that seeks to benefit from the conflicting interests of Russia and the U.S.<sup>37</sup> The geographic and historical contexts of Kyrgyzstan and its willingness to engage the U.S. and

Russia have forged Kyrgyzstan into a telling example of U.S.-Russian foreign policy interactions.

### **The Discrepancy between Russia's Stated and Practical Sphere of Influence**

Dmitri Medvedev announced a “zone of privileged interests” for Russia in the former Soviet republics in the wake of the Georgian conflict in 2008.<sup>38</sup> This is a continuation of Putin’s assertive and protective foreign policy in the territory that formerly was under Moscow’s rule during the Soviet era.<sup>39</sup> In 2008 the Russian government published its Foreign Policy Concept (FPC), and this suggested a sphere of influence for Russia because of its duty “to assist in eliminating the existing hotbeds of tension and conflicts in the regions adjacent to the Russian Federation.... and to prevent the emergence of the new ones.<sup>40</sup>” The recent ethnic violence in Kyrgyzstan is not the first in memory—a situation similar both in story and severity occurred in 1990, but Mikhail Gorbachev sent a Soviet military presence to establish peace.<sup>41</sup> Moscow clearly has interests in Kyrgyzstan, it intervened there once before, and it demonstrated in the 2008 Georgian conflict that it seeks preponderant influence over its former imperial holdings.

Why did Russia not intervene when interim President Otunbayeva asked Russia to do so? Russia’s vested interest in Kyrgyzstan proved itself a multitude of times since 2001 as Russia kept pace with the U.S. presence there. The stability of Kyrgyzstan can only benefit Russia. While Russia does not have as much economically at stake in Kyrgyzstan as it does in Uzbekistan or Kazakhstan, it still sees the country as a potentially large market for hydroelectric and infrastructure projects.<sup>42</sup> More importantly for Russia, Kyrgyzstan is not in a vacuum as the mass migration to Uzbekistan demonstrates. Instability in Kyrgyzstan can directly affect the stability of neighboring countries with which Russia holds stronger economic ties.

A key element of Kyrgyz stability for Russia is the reduction of threats posed by narcotics and terrorism. These two illicit entities are intimately tied, for groups such as al-Qaeda and the IMU take advantage of the relatively lax security in Kyrgyzstan to smuggle drugs before taking them to other countries. The Fergana Valley in Kyrgyzstan, which crosses the border into Uzbekistan near Afghanistan, is noted as “a minefield of religious fundamentalism, drug trafficking and ethnic hatreds.”<sup>43</sup> US Assistant Secretary of State Robert Blake specified the Kyrgyzstan-Tajikistan border as especially vulnerable.<sup>44</sup> Russia recognizes the fragile state of its rim and co-founded the Collective Security Treaty Organization in part to improve protection on its “porous borders.”<sup>45</sup>

Thus, Russia’s legitimate interest in Kyrgyzstan’s well being and security complicates the question of why it did not intervene against the June ethnic violence. The official announcement cited not wishing to interfere with the internal affairs of Kyrgyzstan although this sounds farcical after the Georgian conflict.<sup>46</sup> One possibility is that a poor, mountainous Muslim country sparks memories of many Russians of the disastrous 1979 Afghanistan invasion.<sup>47</sup> Another possible issue is the controversial view of the Kyrgyz people within Russia. Kyrgyzstan collects significant remittances from its expatriates, and this has led to negative stereotypes of the Kyrgyz migrant laborers in Russia.<sup>48</sup> Military efforts, especially on behalf of people against whom many Russians harbor grudges, would have been poorly received by the public.<sup>49</sup>

The economic and political context did not incentivize Russia to intervene, either. Russia’s reemergence as a critical player in the international community can be traced to the increase in oil and gas prices around 2000, and its foreign policy largely revolves around its economic fortune. High oil and gas prices gave Russia the funds needed to expand outside of its

borders early in Putin's presidency, and the revenues also lent to Russia's leaders and people a degree of confidence necessary for any imperial endeavor.<sup>50</sup>

But the global recession slammed the Russian economy which only began to grow again during the first quarter of 2010.<sup>51</sup> In particular, low oil and natural gas prices have limited Russia's foreign policy stretch as it tries to recover domestically.<sup>52</sup> Additionally, an intervention might have had negative consequences both in Kyrgyzstan and in Central Asia. Although its exact part is undefined, Russian pressure seems at least to have had a role in the ouster of Bakiyev in April 2010.<sup>53</sup> A Russian intervention would have placed soldiers in the south of Kyrgyzstan, Bakiyev's strongest area of support in the country, promising more unrest.<sup>54</sup> Uzbekistan may have also reacted negatively to a strong Russian presence in this volatile region populated by many ethnic Uzbeks.<sup>55</sup>

In summary Russia has kept even with U.S. advances in Kyrgyzstan for the past ten years, but despite strong economic and political interests in Kyrgyzstan and an official invitation, Russia did nothing to help stabilize the country during the June 2010 ethnic violence. This stems not from Russia's disinterest in the country but rather from economic and political limitations of the extent of its sphere of influence. A fundamental discrepancy exists between the larger sphere of influence that Russia proclaims in its Foreign Policy Concept and the actual Russian sphere of influence that Russia is willing to forego to promote domestic advancements. The Kyrgyzstan lesson also teaches that Russia evaluates its foreign policy actions based on the cause for action rather than the target country of policy. Russia quickly matched every U.S. advancement in Kyrgyzstan but declined to help the country when it did not need to compete with a foreign power.

## **Ally or Adversary?**

Russia has successfully kept pace with the U.S. in its influence and presence in Kyrgyzstan, suggesting a U.S.-Russian rivalry. Furthermore, Russia's persistent attempts to oust the U.S. base in Manas and its successful efforts that expelled the U.S. from Uzbekistan imply a colder relationship than simply two competing powers.

To complicate matters, Russia sells roughly \$50 million in jet fuel to the U.S. station at Manas per year, and this economic relationship will likely soon intensify as middlemen companies between the Russian energy giant Gazprom and Manas are cut out.<sup>56</sup> If Russia sincerely desired to rid Central Asia of the U.S. presence, then why would it not slash sales of jet fuel to Manas?<sup>57</sup> This would significantly increase U.S. costs and create difficulties for the future of the Manas base.

One explanation for this contradictory behavior lies in the benefits that the U.S. base at Manas provides for Russia. The fundamental reason behind the Manas base was to overthrow the Taliban and to dismantle al-Qaeda, and Moscow fully supported both of these goals and initially did not protest the U.S. bases in Kyrgyzstan and Uzbekistan. If the U.S. withdrew from Afghanistan today, Russia's security would only decrease.<sup>58</sup> The U.S. and Russia both seek to minimize drug trafficking in Kyrgyzstan as the U.S. attempts to cut-off funds for al-Qaeda and Russia tries to reduce illegal drugs in its territory and minimize its own terrorist threats. The Russians therefore have permitted the continual sale of jet fuel to the Manas base because of the profit and Russia's benefits from a U.S. presence.

But this does little to explain why Moscow has repeatedly tried to expel the U.S. Three explanations emerge given the context of some degree of Russian gain from the U.S. presence. In one scenario Moscow is not trying to actually banish the U.S. from Central Asia; it simply

seeks to pressure Kyrgyzstan to ensure that it has more influence and leverage than the U.S. does there. The successful expulsion from Uzbekistan presents a major obstacle to this theory although one could argue that Russia wished to consolidate the U.S. presence to just one country. But again, the announcement of the SCO addressed Uzbekistan and Kyrgyzstan, demanding a timetable for the American exit from both countries.

A similar theory suggests that it is politically popular in Russia to vocally assert its declared sphere of influence even if its foreign policy makers have no intention of implementing this aggressive strategy.<sup>59</sup> But again, the extent to which Moscow has gone to remove the U.S. from Kyrgyzstan suggests otherwise. Specifically, Moscow temporarily secured a pledge from Bakiyev to close Manas in 2009, ruling out any possibility that Moscow just talks loudly to appease the citizenry. A more complex but realistic narrative presents at least two different factions that collaborate to make foreign policy decisions in Moscow.<sup>60</sup> One group recognizes the benefits of the U.S. presence at Manas, another group rejects the American interference in Russia's declared sphere of influence, and a possible third group bases its decisions purely on profit.

A divided foreign policy presents the most accurate model for Russian decision-making, and internal debate produces the confusing and mixed messages to the U.S. In one measure this is an unfortunate conclusion as it provides little basis for predicting future Russian actions. However, the struggle for power within Russia also suggests room to exert influence. The Russian decision to view the U.S. as an adversary or an ally in Central Asia is not complete; therefore, the U.S. can still influence this decision by appealing to the side of the debate that values the benefits that Manas brings to the region.

This necessarily involves working with Russia to address issues of mutual concern such as terrorism and drug trafficking. A more cooperative tone has emerged since Bakiyev fell in April 2010, but this has not produced a specific framework for the future.<sup>61</sup> During this critical juncture, the U.S. must reach out to both Kyrgyzstan and Russia to secure a future presence in Central Asia.

### **Implications and Conclusions**

This paper has outlined the U.S.-Russian competition for influence in the unlikely but strategic country of Kyrgyzstan. Russia's decision to not accept Kyrgyzstan's invitation to intervene amidst the June 2010 ethnic violence demonstrates that Russia's practical sphere of influence is smaller than its proclaimed sphere. This episode also shows that Russia prioritizes its foreign policy actions based on the source of tension rather than the geographic location, for Russia responded to a U.S. presence in Kyrgyzstan but not to create domestic instability there. Russia's sale of fuel to Manas in the context of a continuous barrage of attempts to oust the U.S. from Central Asia indicates a foreign policy divide in Russia, and the U.S. should take advantage of this division to prove that Russia has more to gain through cooperation than through adversarial behavior.

These findings from the complicated history of U.S. and Russian involvement in Kyrgyzstan present several implications for U.S. when dealing with Russia in other countries. Russia's sphere of influence appears to be in flux with its strength highly dependent on the Russian economy which is, in turn, highly dependent on oil and natural gas prices. The U.S. should therefore anticipate strong Russian revivals in foreign efforts with emerging price surges in these critical commodities.

Also, Russia seems more concerned about its image as a regional and global power than its actual practice. While the airbase at Manas is an exceptional situation, a move as bold as establishing a military outpost under the shadow of the former Soviet Union was always bound to hurt Russian pride. More subtle soft power techniques will be more compatible with Russia's ego.

Finally, U.S.-Russian relations need not be a zero-sum game. Cooperation on critical issues can advance the interests of both countries, but this will only occur when a clear framework is laid out. Direct interaction is necessary to establish mutual goals and steps to completion. U.S. foreign policy ultimately serves U.S. interests, but a significant U.S. interest is a healthy relationship with Russia that promotes economic and political cooperation. Increased communication in Kyrgyzstan and in all other contentious areas can be a bold first step towards a stronger U.S.-Russian partnership.

## Endnotes

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<sup>6</sup>Voloshin 2011; also see Stephen Blank, "U.S. Interests in Central Asia and Their Challenges." *Demokratizatsiya* 15 (2), 2007, 317.

<sup>7</sup>Scott Frickenstein, "The Resurgence of Russian Interests in Central Asia," *Air and Space Power Journal*, 24, 2010, no. 1, 70.

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<sup>9</sup>Frickenstein 2010, 70; Voloshin 2011

<sup>10</sup>Voloshin 2011

<sup>11</sup>Blank 2007, 323

<sup>12</sup>Frickenstein 2010, 71

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<sup>15</sup>Martha Brill Olcott, "U.S. Policy in Central Asia: Looking Ahead," Congressional Testimony, December 15, 2009, 5; [http://www.carnegieendowment.org/files/Martha\\_Brill\\_Olcott\\_-\\_Testimony\\_-\\_Final.pdf](http://www.carnegieendowment.org/files/Martha_Brill_Olcott_-_Testimony_-_Final.pdf).

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<sup>18</sup> Blank, 317.

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<sup>23</sup>Roman Muzalevsky, "The US-Kyrgyz Military Center and Kyrgyzstan's Multi-Vector Foreign Policy," *Central Asia-Caucasus Institute Analyst*, March 17, 2010, <http://www.cacianalyst.org/?q=node/5285>.

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<sup>27</sup> Olcott 2010; Schwartz and Barry 2010.

<sup>28</sup> Muzalevsky 2010.

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<sup>39</sup> Frickenstein 2010, 72.

<sup>40</sup> Quoted in Frickenstein 2010, 72.

<sup>41</sup> *Economist* 2010.

<sup>42</sup> Huskey 2011.

<sup>43</sup> Barry 2010.

<sup>44</sup> Blake 2010, 15.

<sup>45</sup> Collins and Rojansky 2010.

<sup>46</sup> *Economist* 2010

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<sup>56</sup> Kessler and Higgins.

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## **Background**

Russia comprises approximately 139 million people, 14.8% of whom are children based on the United Nations (UN) definition.<sup>1</sup> Children are anyone under the age of 15. Youth is anyone between the ages of 15 and 24. However, the United Nations intentionally overlaps its definitions on children and youth. Based on Article 1 in the United Nations Convention on the Rights of the Child (UNCRC), children are purposefully defined as up to 18 years of age for statistical purposes since there is no specific United Nations convention advocating for youth.<sup>2</sup>

Russia's labor force has about 75.55 million people according to the 2009 estimate. Its unemployment rate remains the highest among women and young people and hit 8% in the first quarter of 2010.<sup>3</sup> Many young people either voluntarily or are forced to begin work from a very young age to support their families.

As a global phenomenon, child labor discussion can get contentious as issues around competence, legitimacy, authenticity and influence emerge during public debates. Such debates include if children can legitimately represent themselves, if they are eligible to speak for themselves, and where their opinions fall in the policy recommendations and if children enjoy equal rights to realistically establish trade unions.<sup>4</sup> The three organizations which most closely watch child labor issues are International Labor Organization, United Nations International Children's Emergency Fund and the World Bank.

This paper seeks to examine the formation of child labor in Russia. It aims to research and understand child labor and child work. The first section surveys general child work, child labor and related United Nations conventions and international human rights documents. Then this paper provides a historical overview on Russian child labor, followed with some

perspectives from business, family and children on child labor. Finally this paper concludes with a list of policy recommendations.

This paper argues that while the complete elimination of child labor in Russia would be extremely difficult, a more realistic path for U.S policymakers is to partner with the Russian government to eliminate hazardous working conditions and the worst forms of child labor.

### **Child Work, Child Labor, and Child Trafficking**

Child work is often considered as harmless whereas child labor is regarded as harmful.<sup>5</sup> Child work is considered as a dignified additional contribution to one's family economy. Children around the globe are involved in certain types of work or minor labor. Such examples include an after-school job or minor housework. Child labor is defined in the following terms, "work performed by children under the age of 18 (depending on the country), long hours of work on a regular or full-time basis, abusive treatment by the employer, no access, or poor access, to education."<sup>6</sup> Child labor, interferes with children's education, and is often used solely for companies' profits.<sup>7</sup>

To be considered as child labor, the nature of the work is physically and mentally harmful to a child's growth. One in every seven children experiences this kind of harmful labor and is kept from school and the chance to improve their own living conditions. More than 22,000 children die each year from child labor related accidents. This figure excludes the mental illness and emotional harm caused by child labor. Millions of children engage in hazardous conditions such as working in mines and dangerous machinery and they have remained invisible from the public view.<sup>8</sup>

Though child labor remains as a prominent issue, the most recent global estimations on child labor actually declined to 218 million in 2004 from 245 million in 2000.<sup>9</sup> Specifically, the Optional Protocol to the UNCRC defines child trafficking as the “recruitment, transportation, transfer, harboring or receipt of persons for the purpose of exploitation (not always sexual).” These exploitations include slavery, servitude, forced labor or at a minimum prostitution or other forms of sexual exploitation.<sup>10</sup>

The International Labor Organization’s charter has two articles devoted to protect children’s rights. Article 138 defines the minimum age of employment. Article 182 defines the worst forms of child labor. The Convention Concerning the Prohibition and Immediate Action for the Elimination of the Worst Forms of Child Labor identifies a child as anyone who is under the age of 18 and defines the worst forms of child labor as child trafficking, compulsory labor, forced child soldier, all forms of slavery, child prostitution, and child work that harm the health, safety or morals of children.<sup>11</sup>

Many articles in the United Nations Convention on the Rights of the Child (UNCRC) protect children’s rights. Article 34 outlaws sexual abuse against children. Article 35 requires state parties to prevent the abduction of children for purposes of trafficking. Article 38 refrains state parties from hiring children who are under the age of 15 to be involved in armed conflicts. Article 39 requires children have access to physical and psychological recovery post involvement in any inhuman or degrading treatment.<sup>12</sup>

Russian legislation does not necessarily follow the international norms established in UN treaties and conventions. For instance, Russia does not follow the children’s age definition in the UNCRC. Many Russian health care programs exclude children older than 14 or 16 if with disabilities. The key problem is the absence of preventive care in the legislation and international

legal norms on human rights are rarely publicized and popularized in Russia. Thus, human rights implementations are difficult as the general public is largely unaware of the fundamental human rights listed in United Nations documents.<sup>13</sup>

### **Historical Overview of Child Labor**

Russian child labor legislation occurred early compared with other industrialized countries.<sup>14</sup> In the imperial period, historical sources point to child sex trades in St. Petersburg and other large cities before the time of Peter I in the 17th century. Even though little factual information is known, the first reference to the child sex trade appeared in the criminal code of 1846. Child sex trade was highly profitable, which also gave rise to manufacturing of fraudulent or forged documents stating an older age for minors.<sup>15</sup>

During the early Soviet period from 1918 to 1930, the People's Committee of Social Security established an interdepartmental commission on prostitution control. This commission proposed improved general education level and professional training and employment support for children and women. Unfortunately, the program turned out to be insufficient. During that time, approximately 7 million homeless children were involved in prostitution or beggary. Over 60 percent of minor girls that sold sex services were detained for offences between 1920 and 1921.<sup>16</sup>

In a later Soviet period from 1931 to 1990, minor girls were known to be forcibly kept in brothels. One of every 20 prostitutes was under the age of 18. Single mothers, underprivileged girls and those who came to study or search for work in the large city from rural area became the main targets for prostitution.<sup>17</sup>

A sharp increase in poverty and unemployment was visible during the transition to a

market economy in the 1990s. With more than 30 percent of Russians recognized as poor, many children were abandoned by their families and this prompted large number of homeless street children. Many street children become involved in theft, substances abuses and sex trade. In 1996, one in every eight prostitutes was under the age of 18 with the ratio of one in every five in Moscow and St. Petersburg. More than 25 percent of minors were involved in prostitution work in Primorsky territory in 2000. Today children are trafficked to Russia from Ukraine, Kazakhstan and Moldova for the sex trade. Children in Russia are trafficked to the Middle East and Western Europe. Child trafficking also occurs from rural areas of central Russia to Moscow and St. Petersburg.<sup>18</sup>

### **Child Labor and the Causes of Early Employment**

Poverty is often central to the presence of child labor. Human trafficking occurs due to lack of education or resources, economic inaccessibility of efficient employment and the large presence of vulnerable families and children. Child trafficking becomes a threat on a global scale.

Child labor cannot simply be analyzed without discussing child work. Though the worst forms of child labor need to be condemned, many children who have participated in sociological surveys of employers in Moscow and St. Petersburg show those children in child work may merely want to earn extra pocket money. Many employers admit they favor children's early employment so that young people can learn to gain income from their own efforts rather than beggary.<sup>19</sup> Child work should be allowed as the government cannot oversee every single homeless child on the street. Moderate forms of child work should be encouraged as long as employers respect children's rights.

Children are desirable low-skilled workers as they perform well in repetitive and

monotonous tasks.<sup>20</sup> Many global corporations such as Walmart and Nike have repeatedly exploited child labor in the past decades. Such forms of child labor are nearly impossible to eliminate as profits drive big corporations to exploit their laborers. However, in the form of child trafficking, governments should tighten their regulations. Children who are exploited as prostitutes often refer to their reasons to engage in sex work as “the wish to survive” or “to help the family.” Nevertheless, many children are aware of the potential health risks involved in sex trafficking. A majority of these children stop attending school for more than a year to engage in such form of child labor.<sup>21</sup>

Family survival is difficult in any society, especially at a time when economic crisis hits. There are different motivations for families who send children to work, even in dangerous conditions. The dilemma of the child labor trap is part of the cycle of poverty.<sup>22</sup> Major causes of early employment include parents’ incapacity to work and family illness. Children come from abusive and violent homes, orphanages and the poorest families are the most vulnerable and subject to child labor and trafficking.<sup>23</sup>

Many teenagers choose to be involved in labor activities because of “the wish to have a high income, lots of money, to become rich.” Often time’s children strive for work because of enjoyment and lack of pocket money. Many children make their own decisions on early employment from both poor families and well-to-do families. Russian youth and children, as economic agents, do not have paternalistic expectations and thus easily accept social inequality. They possess personal and social resources with a sense of self-efficacy regarding capacity to influence their situation and a reasonable conformism or readiness to meet labor market requirements.<sup>24</sup> Meanwhile, it is important to recognize that a substantial minority of students

hold postmaterialistic values and believe in skills and professionalism has greater significance that weakened instrumental attitudes towards work.<sup>25</sup>

## **Recommendations**

Many recommendations can be made to eliminate worst forms of child labor in Russia. Such recommendations will need public participation and focused youth education learning and implementing international human rights.

### **Recommendation One--Offer more human rights courses in higher education and distribute fundamental children's rights information through fliers or educational materials to young people.**

Russia universities offer limited courses on basic human rights principles. There should be more courses offered on international human rights. Young people often hold the power to make a difference in today's world that will likely impact on tomorrow. In order to make significant social changes in Russian society, it is necessary to begin the reform process with young peoples' education today. More curriculums should include human rights or tolerance courses subject to increase general public knowledge and awareness on human rights and child labor. As of 2008, Russia holds very high children's literacy rate at 99.4%. Such high literacy rate should be accompanied with more human rights education.

### **Recommendation Two--Increase awareness and outreach programs to families and reward businesses that treat children with dignity and respect.**

The Russian government should put more effort educating low-income family

communities on the long-term impact of school education. Meanwhile, the Russian government should reward corporations or businesses that seek to eliminate child labor. The government shall also set up programs to encourage business to reveal illegal child labor actions conducted by its business peers.

**Recommendation Three--Ratify the Optional Protocol to the Convention on the Rights of the Child concerning the Sale of Children, Child Prostitution and Child Pornography.**

Russia has not yet ratified the Convention on the Civil Aspects of International Child Abduction or the Optional Protocol to the Convention on the Rights of the Child, concerning the Sale of Children, Child Prostitution and Child Pornography. These ratifications are essential to make up the legislative gaps against human trafficking.<sup>26</sup>

**Recommendation Four--Build partnerships between U.S. and Russia to eliminate child trafficking and other forms of child labor.**

While child labor is unlikely to be prevented, it is important to improve overall working conditions for children. Upon the adoption of the Convention Concerning the Prohibition and Immediate Action for the Elimination of the Worst Forms of Child Labor, Russia is required “implement programmes of action to eliminate as a priority the worst forms of child labor.” The United States should partner with Russia to “take appropriate steps to assist one another in giving effect to the provisions of the above Convention through enhanced international cooperation and/or assistance including support for social and economic development, poverty eradication programmes and universal education.” Such a partnership will decrease the likelihood of the

worst forms of child labor to take place.

## **Conclusion**

Universal standards are important but should not impose a single model of global child labor regulation. Human rights issues are contentious and cannot be debated or implemented without considering various cultural, political, economic and religious contexts. Child labor cannot be analyzed without understanding the concept of child work. Child trafficking cannot be analyzed alone as it is strongly associated with women and other vulnerable trafficked populations. There are different policies or legislation that can be written to protect children from harmful work environment. There are many presidential programs in Russia protecting children's rights but legislation is not commonly implemented.<sup>27</sup> Many United Nations declarations and conventions clearly denounce child labor and call for elimination of the worst forms of child labor. The U.S. Department of Justice and the Children Rights Commissioner for the President of the Russian Federation should collaborate to implement international human rights standards that best protect children's rights. Russia is a party to both the International Covenant on Civil and Political Rights (ICCPR) and the International Covenant on Economic, Social and Cultural Rights (ICESCR) and thus should partner with the United States to continue reduce child labor populations.

Completely banning child labor may be ideal or desirable for many nation-state policymakers, but history has proven that the complete elimination of child labor would not be the most effective approach. The more appropriate policy recommendations or government interventions occur in the form of a minimum adult wage or improved working conditions to protect children's health.<sup>28</sup> It is probably better to ensure and improve children's work conditions

rather than to fully eliminate all forms of child labor.<sup>29</sup>

There are trade unions that engage in the political effort of treating the child labor problem through such activities as lobbying campaigns, sector alliances, and resource mobilization.<sup>30</sup> Due to diverse family backgrounds and limitations, many children are forced to be involved in child labor. Working groups of the International Labor Organization, the International Organization for Migration, the United Nations Children's Fund, the United Nations Development Program, the United Nations Office on Drugs and Crime, and the United Nations Population Fund should continue to work closely with both U.S and Russian governments to prevent or at least reduce the worst forms of child labor.

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## **Introduction**

The military conflict that broke out in Georgia in 2008 had its origins in Russian-Georgian tensions that had started escalating after the Rose Revolution in 2003. The Rose Revolution sparked Russian anxiety because it led to an increased Western presence in the form of US support of Georgia and Georgian ambitions for NATO membership. George W. Bush summed up American foreign policy with regards to Georgia at the time when he stated that Georgia would receive "unwavering support" for NATO membership from the US.

To the Russians this blatant support of Georgia seemed to threaten Russia's claim to its sphere of influence in the Near Abroad, a term for the former Soviet Republics. On August 7, 2008 tensions between Russia and Georgia boiled over in a military conflict with Georgia launching an aerial and ground attack on South Ossetia. This military conflict grew out of the issue of sovereignty status of South Ossetia and Abkhazia, two regions over which Georgia had lost authority during former Georgian President Eduard Shevardnadze's presidency.

The 2008 military conflict between Georgia and Russia over the two breakaway regions is the subject of this paper. First, I will give an overview of the growing tension between Russia and Georgia leading up to the conflict. Then, a brief description of the events that occurred during the conflict will follow. Since US foreign policy at the time played an important role in aggravating the tension between Georgia and Russia, it too will be discussed. To understand Russia's aggressive response to the invasion of South Ossetia by Georgian troops, I will delineate the Russian perspective of the events leading up to the conflict and the war itself. I will

conclude by providing general recommendations for how to promote stability in the region and how to improve relations between the US and Russia, despite the reality of the Georgian conflict.

### **Background of Georgia-Russian Relations**

The current tension between Russia and Georgia is not a recent phenomenon. It has been around for two centuries and was renewed in earnest right before the collapse of the Soviet Union. In 1989, Georgia's ambitions for independence became evident but were aggressively suppressed by Soviet forces. With the dissolution of the Soviet Union in 1991, Georgia finally gained its independence, but it also gained Russia as a neighbor with an invested interest in the country. Most of the tension between Georgia and Russia is played out in the sovereignty issues regarding the separatist regions of South Ossetia and Abkhazia. South Ossetia and Abkhazia were autonomous regions that were part of Georgia at the time during the Soviet era.<sup>1</sup> When the Soviet Union began to disintegrate in the late 1980s, these two breakaway regions chose to align themselves with Russia instead of becoming part of Georgia.<sup>2</sup>

Since the fighting in 2004, South Ossetia and Abkhazia has been essentially independent.<sup>3</sup> These two ethnic regions have enjoyed Russian support both financially and in the form of Russian troops, who were part of a regional peacekeeping mission. Russia has also issued passports to most people living in Abkhazia and South Ossetia. Since these people carry Russian passports, Russia can claim that it is intervening on behalf of its citizens.<sup>4</sup>

The tension between Georgia and Russia grows out of their significant and conflicting interests in the two breakaway regions. Though South Ossetia is relatively small, comprising only about 50 miles across, it extends deep into Georgian territory towards key pipelines carrying two of Georgia's most important assets, oil and gas.<sup>5</sup> The two pipelines run parallel to

each other with the Baku-Tbilisi-Ceyhan (BTC) pipeline carrying oil and the South Caucasus Pipeline carrying gas from Azerbaijan through Georgia to Turkey. These pipelines cut Russia out of some of the business in oil and gas from its former republics and they foster economic independence for Georgia. Georgian interest in the region of Abkhazia stems from the fact that Abkhazia contains more than half of Georgia's shoreline on the Black Sea. This shoreline is economically important to Georgia because it includes prime tourist points and significant ports.<sup>6</sup> If Georgia could consolidate its authority over these two regions it would provide Georgia with a more stable economy and decrease its economic dependence on Russia.

Russia has other reasons for finding the two separatist regions important. The foremost reason for Russian support of their independence is its wish to establish buffer zones in the Near Abroad similar to those it created during the Soviet era. For this reason Russia keeps a military presence in the two regions. Another reason for Russia's continued military presence in South Ossetia and Abkhazia is Georgia's partnership with NATO which creates the potential for a hostile military presence near its border.<sup>7</sup> By issuing Russian passports to the citizens of the two regions, Russia has created a perfect excuse for its continued military presence in the areas.

The matter of Russian troops in territory that Georgia considers its own has been infuriating to Georgia. Russia disregarded the limits stated in the Treaty on Conventional Armed Forces in Europe, or the CFE, of which it was a member having signed the treaty before the Soviet Union collapsed. Once the Soviet Union disintegrated Russian forces remained in Georgia despite the fact that they exceeded treaty limits in areas flanking the zone of reductions under the CFE. In 1991, Russia claimed that it would remove its troops but that has not yet occurred. President Vladimir Putin formally suspended Russia's compliance with the CFE in December 2007, a situation that exists to the present day.<sup>8</sup>

Unlike South Ossetia, Abkhazia has a history of serious violations of human rights. A sizeable population of ethnic Georgians used to live in the area but when fighting broke out during the early 1990s they were forcibly expelled by Abkhaz separatists. According to the Human Rights Watch these separatists committed ethnic cleansing and other atrocities including massacres, rapes, and torture.<sup>9</sup> The US State Department corroborated these findings in a 1994 country report.<sup>10</sup> The Georgian government points to these atrocities as justifying their attempt to reintegrate South Ossetia and protect the ethnic Georgians who are living there from a similar fate.

Georgia's pro-Western leanings have further stoked tensions. This orientation started with the dissolution of the Soviet Union. Georgia is now one of the most pro-Western and independently minded of the post-Soviet states. Georgia's initial refusal to join the Commonwealth of Independent States (CIS), a regional organization of former Soviet Republics, was an early expression of its independent foreign policy. When it did join in 1994, Georgia was its most vocally pro-Western state.<sup>11</sup> Other examples of Georgia's pro-Western orientation are its withdrawal in 2009 from the CIS and subsequent joining of the Eastern Partnership, a European Union initiated project, Georgia's partnership with NATO and its efforts to become a member. The Rose Revolution in 2003 also marked the increased US support of Georgia. Georgia's attempts to cultivate Western ties further aggravated tensions with Russia.

Russia views Georgia's pro-Western orientations as hostile. In response to Georgia's pro-Western inclinations, Russia has implemented a number of aggressive policies toward Georgia which include: a continuing military presence in South Ossetia and Abkhazia, the systematic harassment of Georgians living in Russia, and the imposition of a full embargo on trade, transport, and postage in 2006.<sup>12</sup> Russia has increased the prices of Russian energy supplied to

Georgia, and enacted stricter work visa qualifications for Georgians going to Russia.<sup>13</sup> In addition to issuing Russian passports to the populations in the two regions, Russia began appointing Russian officials to military positions in the breakaway regions' governments.

In 2007 Russia increased its aggressive policies to include military provocation. This included the shelling of Georgian administrative buildings in Kodori Gorge by Russian helicopters in March of 2007, and the dropping of a Russian bomb on a Georgian radar station near South Ossetia in August of the same year.<sup>14</sup> The Western response to these Russian actions was minimal. By 2008, Russian actions had become more belligerent. On April 16, Putin ordered direct political ties, and trade and transport links to be opened with Abkhazia and South Ossetia.<sup>15</sup> These actions clearly signaled that Russia's goal was not solely to occupy a peacekeeping and mediation role in the two regions. Western leaders barely commented on these actions.<sup>16</sup>

Since Georgia lost its authority over South Ossetia and Abkhazia during Shevardnadze's presidency, it could only use domestic policy to claim Georgian authority over those two regions. On the other hand, Russia demonstrated its interest in the two regions by supporting their independence movements. Russian frustrations with regard to Western powers had been growing in the years leading up to August 2008. The expansion of NATO and a more pervasive US presence in the Near Abroad were both seen by Russia as a threat and a disregard for its interests in that region. Russia saw the Western presence in the Near Abroad as an attempt to reduce Russian influence in the area and install pro-Western regimes. Therefore Russia aggressively responded to Georgia's aerial and ground attack in South Ossetia with the invasion of that region by thousands of Russian troops and hundreds of tanks.<sup>17</sup>

## **2008 Georgia-Russian military conflict**

The 2008 military conflict between Georgia and Russia was the culmination of increasing tension between Russia and Georgia. Differing notions regarding regional sovereignty were at the heart of these tensions. On one side, Russia saw the Near Abroad as its sphere of influence and thus saw itself as occupying a dominant role in the negotiation of ethnic and political divisions in the area.

On the other side, Georgia, supported by the US, sought to assert its authority over the breakaway regions of South Ossetia and Abkhazia. Georgian attempts at controlling territory which under international law was considered part of the country were undermined by Russian support of ethnic groups in the breakaway regions which were pushing for independence. The Georgian-Russian war in 2008 represents the first Russian invasion of another state since the Soviet attack on Afghanistan in 1979.<sup>18</sup> It can be considered the most significant challenge to Europe's security interests since the collapse of the Soviet Union.<sup>19</sup>

The conflict began during the first week in August 2008 as a series of sniper-fire clashes between troops in the Georgian army and the South Ossetian militia.<sup>20</sup> On August 7, Georgian President Saakashvili charged the South Ossetians with using heavy weapons in violation of the cease-fire.<sup>21</sup> Civilians had begun fleeing Tskhinvali, the town serving as South Ossetia's capital, when on August 8 Georgian troops captured the city.<sup>22</sup> Russia responded aggressively with airstrikes on Georgian positions in South Ossetia and in the Kodori Gorge region of Abkhazia.<sup>23</sup> By noon of August 8 a Russian offensive had pushed back Georgian forces in Tskhinvali.<sup>24</sup> This sweeping Russian invasion soon advanced out of the two separatist regions and into undisputed Georgian territory, though Russia continued to maintain that it was only seeking to stabilize the two regions.<sup>25</sup> Thus within 10 days, Russian troops had gained control of South Ossetia, started a

second front in Abkhazia, moved into non-contested territory in Georgia, bombed Georgian infrastructure and its railway connecting the western and eastern parts of the country, and set its Borjomi-Kharagauli National Park ablaze with firebombing.<sup>26</sup>

It is difficult to determine who provoked whom, considering that one can argue that Russia had been gearing up for a military conflict in Georgia well before Saakashvili ordered the deployment of troops into Tskhinvali. Russia maintains that it invaded only after Georgia shelled Tskhinvali, while Georgia claims it attacked only after a Russian tank column went through the Roki Tunnel leading into Georgian territory.<sup>27</sup> The commonly held Western interpretation of the war is that the Russians may have provoked Georgia, but Saakashvili gave the Russians the excuse they needed for intervention.<sup>28</sup> The lack of a concerted and substantially backed response to these Russian provocations on the part of the Western powers led the Georgian government to conclude that they would not receive much if any aid from these Western states. Georgians also surmised that they might lose any opportunity to reincorporate Abkhazia and South Ossetia if they did not respond to Russia's aggressive tactics.

The Western point of view might in fact be inaccurate given a large body of evidence that suggests Russia had been planning to use military aggression against Georgia in any case. The first part of this argument notes that Russian and Abkhaz leaders threatened a forceful takeover of the Kodori Gorge which was legitimately administered by Georgia, if Georgia did not withdraw.<sup>29</sup> Also during that time Georgia sent unarmed drones over Abkhazia to watch Russian troop movements. These drones were quickly shot down by the Russian air force.<sup>30</sup>

But the most telling sign that Russia had been planning on a military conflict with Georgia was the fact that Russia was able to mount a military force able to turn back Georgian forces by mid-day on August 8. One can surmise that Russia used a military exercise to build up

troops in North Ossetia since the troops did not return to their barracks when the drill ended on August 2 and instead remained on the alert in the area. The Russian forces would have had to leave their bases in North Ossetia at the latest by the evening of the previous day in order to arrive in South Ossetia at that time.<sup>31</sup> This means that the order to deploy the troops into Georgia had to have been given before Georgia began its attack on Tskhinvali.<sup>32</sup> Furthermore, the rapid and coordinated deployment of Russia's Black Sea fleet to Georgia's coast, Russian air bombardment of Georgia, and the opening of the second front in Abkhazia on August 9 with over 6,000 troops using railways that had been repaired by Russian forces ten days earlier suggest that the Russian invasion of Georgia must have been premeditated.<sup>33</sup>

On August 12, Russian President Dmitry Medvedev and Georgian President Saakashvili agreed to a six-point peace plan brokered by the then President of the European Union, French President Nicolas Sarkozy.<sup>34</sup> This cease-fire agreement did not stop hostilities from continuing nor did Russia feel obliged to remove its troops as quickly as the agreement required. The outcome of this conflict is that South Ossetia and Abkhazia are now recognized by Russia, Nicaragua, and Venezuela as independent states or Russian protectorates, while Georgia considers these regions its own territories occupied by Russia.

### **U.S. Policy during this Period**

After the 2003 Rose Revolution, the Bush administration offered its unconditional support to Georgia, which in addition to Georgia's pro-Western inclination served to further increase tensions with Russia. The Rose Revolution ushered in Mikhail Saakashvili as Georgia's president and started an invigorated effort to increase ties with Western powers. President Saakashvili called for substantial advancements in the development of Georgia's democracy. He

committed himself to implementing a series of reforms which included efforts to end rampant corruption in the government. The goal of these reforms was to increase the chances for Georgian membership in NATO.

Unfortunately, Georgia has not followed through with many of these democratic reforms, corruption continues to exist, and the violation of human rights continues. With Obama's replacement of Bush, US foreign policy with regards to Georgia has also changed from Bush's "unwavering support" to Vice President Joseph Biden's more moderated tone when he criticized Georgia in July 2009 for failing to achieve its promised reforms, and which Secretary of State Hilary Clinton reiterated in July 2010.<sup>35</sup>

The Rose Revolution of 2003 spurred US involvement in Georgia where the promise of a successful democracy seemed hopeful. This involvement meant that the US government committed itself to supporting Georgia's new government in every way. First of all, the Bush administration preemptively declared the Rose Revolution a success in the spread of democracy which also implied the success of US democracy assistance.<sup>36</sup> The main reason for the Rose Revolution was the growing discontent with the corruption of the Shevardnadze government, particularly Shevardnadze's party's attempt to use fraudulent election results.<sup>37</sup>

As time progressed and the promises of the Rose Revolution were not met by the Georgian government, the Bush administration nonetheless continued to insist on its original position about the successful progress of Georgian democracy. Bush continued his "unwavering support" of Georgian aspirations to NATO membership despite the fact that it contributed to increased tensions between Russia and Georgia. This unwavering support on the part of the Bush administration is best demonstrated by the fact that the US is one of the largest donors of foreign aid to Georgia.<sup>38</sup>

During the period leading up to the 2008 Georgian crisis the US was actively involved in democracy promotion and, specifically in the case of Georgia, democracy assistance. This assistance was ineffective. In addition, the type of support that the US offered Georgia resulted in negative consequences because it caused tensions between Georgia and Russia to escalate. US support of Georgia entailed the encouragement of Georgia's membership in NATO, financial assistance for Georgia's proposed democratic reforms, US military presence in Georgia, and the training of Georgian troops.<sup>39</sup>

US interests in Georgia included:

- 1) the successful stabilization of Georgia and the region;
- 2) the US desire to have Georgia provide military support to the US in the two wars the US was waging in Iraq and Afghanistan;
- 3) a US hope that economic and political success in Georgia would demonstrate to other post-Soviet countries and states throughout the world the feasibility of successful democratic nation building;
- 4) use Georgia's geographical position for a key access route to Central Asia and Afghanistan for the West; and
- 5) the opportunity to use Georgia as a crucial link for transporting energy to Eurasia without going through Russia.<sup>40</sup>

The Bush administration's foreign policy towards Georgia ended in failure because US support to Georgia did not foster democracy nor did it decrease regional tension. Instead it increased the tension drastically.

The Bush administration's unconditional democracy assistance in Georgia produced an image of the US as a country whose support of democracy promotion abroad was a cover for

alternative motives. The US' uncritical support for a semi-democratic but pro-American country hinted at motives other than democracy promotion. Due to the Bush administration's refusal to acknowledge Georgia's inconsistent democratization process, the US assistance of Georgia seemed aimed at supporting a Western friendly government regardless of democratic development.

The US response to the August 2008 military conflict in the media and among policymakers demonstrated a willful ignorance regarding the underlying issues. The Russian response to Georgia's invasion of its sphere of influence in the Near Abroad was aggressive, but Georgia's claim to absolute authority over South Ossetia and Abkhazia is not as evident as the US portrayed it during the conflict. The US narrative of the conflict maintained that Russia initiated the conflict with an unprovoked attack. When the Russian military response continued into undisputedly Georgian territory President Bush accused Russia of "seeking to crush the Georgian military and trigger the overthrow of Saakashvili's government."<sup>41</sup> US support stressed the few democratic aspects of Georgia and ignored its many failures in that area. The uncritical stance taken by the US during the war was a confirmation of the position taken by the Bush administration throughout its time in office with regards to Georgia. This stance ultimately had damaging consequences for the progress of Georgia's democratic development, Georgia's relations with Russia, and finally US relations with Russia.

### **Russian Perspective**

With the dissolution of the Soviet Union at the end of 1991 fifteen new states were created. This geopolitical transformation was a blow to Russian national pride and it left a number of ethnic disputes unsolved. Vladimir Putin became President of Russia in 2000 with the

stated goal of “restoring the power of the Russian state.”<sup>42</sup> Russia’s economic growth since Putin became President has enabled it to reassert its former status which in turn means a renewed interest in regional issues.

Russia maintains that it has not been treated fairly by the rest of the world and that its interests have been disregarded by the US.<sup>43</sup> Among the complaints are assertions that the West has taken advantage of Russia’s weakness in order to enlarge NATO, intervene in and eventually recognize Kosovo’s independence, support the “color” revolutions in Kyrgyzstan, Ukraine and Georgia, and withdraw from the Anti-Ballistic Missile (ABM) Treaty.<sup>44</sup> The Russian government sees these actions as efforts to geopolitically encircle Russia with countries that support the West.

Since the election of Putin as president, Russian foreign policy has been increasingly concerned with the loss of the former Soviet-era buffer zone. This has lead Russia to attempt to consolidate its interests in the Near Abroad, creating a new equivalent of the Soviet-era buffer zone.

Georgia as part of the Near Abroad held particular interest for Russia because of their shared border. The US’ unwavering support of Georgia’s attempt at democracy and membership in NATO caused concern for the Russians in that they perceived this support as an attempt to build ties with Georgia and increase Western influence in the area. This perception is not unfounded. More critically, possible Georgian membership to NATO would imply a potential for an unfriendly military presence near its borders. Georgia is already a partner country to NATO and a military ally of the US in Iraq where it deployed 2,000 troops.<sup>45</sup>

Furthermore, Georgia’s efforts to forcibly integrate the two breakaway regions of South Ossetia and Abkhazia, which both share borders with Russia, increased Russian anxiety. In

response to Kosovo's declaration of independence on February 17, 2008 and subsequent international recognition, Russia increased its control of South Ossetia and Abkhazia.<sup>46</sup> President Saakashvili's decision to use military force to forcibly reintegrate South Ossetia by capturing Tskhinvali gave Russia the excuse it needed to deploy more troops into Georgia.

The way the Georgian-Russian war began and was conducted gives insight into Russian motivations and thus the broader implications of the war. The Georgian invasion of South Ossetia could be seen by the Russians as a test of their commitment to the province. If Moscow did not respond with military force, their role as a preponderant leader in the international politics of the Near Abroad would have lost credibility.

The Russian invasion could also be in some form a way of punishing Georgia for its Western orientation and its determination not to yield to building Russian pressure. With the 2008 war Russia succeeded in massively diminishing Georgia's military capacity and devastating its economy and infrastructure.<sup>47</sup> By delivering these blows Russia succeeded in stalling for the foreseeable future Georgia's integration into Euro-Atlantic structures such as NATO.

The war, however, can also be seen to threaten Azerbaijan because of Georgian-Azerbaijani codependence in the Caucasian isthmus.<sup>48</sup> This partnership between Georgia and Azerbaijan enables the transportation of oil to the West and an access route for NATO operations in Afghanistan. The war might also have been meant to increase the political and economic risk of building more pipelines, specifically the Nabucco pipeline project promoted by the EU, along the current route, thus negatively impacting both Georgia's and Azerbaijan's economy. It would also inhibit Europe's attempts to become less dependent on Russian energy exports.

Additionally, it was perhaps intended to send a warning to Ukraine which also has ambitions to NATO membership.

Finally, the war was also meant to remind the West of Russia's wish to be the dominant power in what it considers its sphere of influence, and the limits of Western policies which entail firm words but no serious consequences. In conclusion, despite its recent assertiveness, Russia is still weak internally and has a restricted number of options for its foreign policy. Though Russia does not retain the same military capacities of the Soviet Union it is still able to cause difficulties by cutting off gas and oil supplies to US allies and by "mobilizing Russian minorities living outside Russia."<sup>49</sup>

## **Recommendations**

The most detrimental aspect of the Bush Administration's uncritical support of the Georgian government was its disregard for Russia's presence in the area which led to an escalation of tensions and deterioration of relations between Georgia and Russia but also between the US and Russia. In an effort to avoid such consequences, improve foreign relations with Russia, and promote regional stability, future US policies should respect Russia's history and presence in the region. US foreign policy for the region should also take into account the conflict between the Georgian government and the breakaway regions of South Ossetia and Abkhazia. These two separatist regions rely heavily on Russia both economically and politically, a fact that should be recognized when formulating policy that will affect those regions. Finally, US policy should focus on improving relations between Georgia and Russia in order to promote regional stability which will be beneficial to all countries involved.

For the US to prove its genuine commitment to a policy of democracy promotion throughout the world and not solely a policy which uses the pro-Western inclinations of developing democracies as a way to establish allies while disregarding the need for real progress towards democracy, the US must approach its commitment of support with a focus on what will contribute to real democratic progress. In the case of Georgia, Obama's administration should acknowledge Georgia's failures in democracy and not continue to provide unconditional rhetorical and material support like the Bush administration did. The type of US assistance provided should improve the stability of the Near Abroad as a region by considering the potential ways in which certain policies could disrupt this stability.

Furthermore, Russia's presence in the Near Abroad should be recognized and respected but the aggressive imposition of its influence in the region should not be condoned. Thus the US should implement policy that attempts to achieve a balance between helping Georgian build and foster a democracy while not increasing tensions with Russia. This goal would be best achieved by working through international organizations such as the European Union and the Organization for Security and Co-operation in Europe (OSCE), an intergovernmental organization concerned with conflict prevention, crisis management and post-conflict rehabilitation.

The Obama Administration should approach US relations with Georgia more cautiously than did the Bush Administration. since the linkage between the United States, Russia, and Georgia involved a sensitive linkage. Since Russia strongly opposes Georgian membership in NATO, the US should consider whether or not to continue its support of Georgia on this issue. If the US decides to continue to encourage Georgia's ambitions for NATO membership it should be in the form of conditional support which requires more comprehensive democratic reforms and the avoiding of tensions with Russia.

As mentioned earlier, one of the aspects that contributed to the tensions between Russia and Georgia was that Russia and the US were not engaged in a productive dialogue. Thus another goal that the US should pursue is that of making an effort to open a dialogue with Russia that would lead to a foreign policy which concedes that Russia has interests in the region but does not allow Russia to trample over its neighbors. This would involve seeking cooperation with Russia on such issues as nuclear weapons reduction, curbing Iran's rise to power, tackling global warming and dealing with issues of energy supply. Good relations between the US and Russia are the only productive way of furthering American interests and helping Georgia, deep antagonism would only be detrimental.

In conclusion, the Obama administration has demonstrated greater awareness of how Georgia's democracy is actually proceeding. This willingness to critique as evidenced by Vice-President Biden's and Secretary of State Hillary Clinton's speeches may yet lead to a more democratic Georgia. In their speeches Biden and Clinton implied that Georgia will no longer be the recipient of unconditional support, and that it must take significant steps towards strengthening its democracy. Vice-President Biden also indicated that a more nuanced view of the issues of sovereignty in post-Soviet states has been put in place. These are essential steps toward a more realistic support of Georgian democracy and a decrease in regional tension.

## Endnotes

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<sup>2</sup> Ibid.

<sup>3</sup> Ibid.

<sup>4</sup> Ibid.

<sup>5</sup> Ibid.

<sup>6</sup> Ibid.

<sup>7</sup> Ibid.

<sup>8</sup> Steven Sestanovich, “What Has Moscow Done? Rebuilding U.S.-Russian Relations,” *Foreign Affairs*. v. 87 no. 6 (November/December 2008): 12-28.

<sup>9</sup> Flintoff.

<sup>10</sup> Ibid.

<sup>11</sup> Svante E. Cornell, *Georgia after the Rose Revolution: Geopolitical Predicament and Implications for U.S. Policy*, Army War College, Strategic Studies Institute (Feb 2007): 1.

<sup>12</sup> Svante E. Cornell, “War in Georgia, Jitters All Around”. *Current History*. v. 107 no. 711 (October 2008): 310.

<sup>13</sup> Ibid, 309, 310.

<sup>14</sup> Ibid, 310.

<sup>15</sup> Ibid.

<sup>16</sup> Ibid, 309, 310.

<sup>17</sup> Ibid, 310.

<sup>18</sup> Ibid, 307.

<sup>19</sup> Ibid.

<sup>20</sup> Flintoff.

<sup>21</sup> Ibid.

<sup>22</sup> Ibid.

<sup>23</sup> Ibid.

<sup>24</sup> Svante E. Cornell, “War in Georgia, Jitters All Around,” 311.

<sup>25</sup> Flintoff.

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- <sup>26</sup> Cornell, "War in Georgia, Jitters All Around," 307.
- <sup>27</sup> Ibid, 310.
- <sup>28</sup> Ibid.
- <sup>29</sup> Ibid.
- <sup>30</sup> Ibid.
- <sup>31</sup> Ibid, 311.
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- <sup>39</sup> Steven Sestanovich, "What Has Moscow Done? Rebuilding U.S.-Russian Relations". *Foreign Affairs*. v. 87 no. 6 (November/December 2008): 12-28.
- <sup>40</sup> Cornell, "War in Georgia, Jitters All Around," 312.
- <sup>41</sup> Flintoff.
- <sup>42</sup> David Holloway, "Russia Rising: The Georgian Crisis and US Foreign Policy," *Commonweal*, v. 135 no. 15 (2008): 13.
- <sup>43</sup> Ibid, 14.
- <sup>44</sup> Ibid.
- <sup>45</sup> Flintoff.
- <sup>46</sup> Holloway, 14.
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- <sup>48</sup> Cornell, "War in Georgia, Jitters All Around" 312.
- <sup>49</sup> Holloway, 14.

## **Critical Issues**

While one of the most pressing issues in U.S.-Russia relations since the end of the Cold War has been the reduction of nuclear weapons, another challenge, and quite possibly an even more difficult one, is the elimination of chemical weapons (CWs). While nuclear weapons have only been used once in the history of warfare, the use of CWs has been much more frequent, and arguably just as dangerous. There are also far more CWs still in existence in the world and they take much longer to destroy.

In the interest of international security and to eliminate the enormous threat CWs posed to all countries of the world, the Chemical Weapons Convention (CWC) was negotiated that "bans the development, production, acquisition, stockpiling, transfer, and use of chemical weapons and requires all possessor states to destroy their stockpiles safely."<sup>1</sup> The treaty was opened for signatures in 1993 when the U.S. signed on, and Russia followed four years later. The treaty was ratified by both countries and entered into force in April of 1997. Today all but seven of the world's countries are member states; nonmembers include Israel, who is only a signatory, and North Korea. The CWC has become one of the most successful arms reduction treaties in history. Member states can boast impressive results of their hard work in the past thirteen years and three have even entirely eliminated their declared stockpiles.

However, there are still areas related to the CWC which can be improved or need to be addressed in the very near future, as CWs continue to be a threat to all nations' security. The foremost threat comes from terrorist organizations, who, over the years, have declared their intentions to obtain and use weapons of mass destruction.<sup>2</sup> This threat only emphasizes the need

to locate and eliminate all chemical weapons stockpiles as quickly as possible, and to strengthen the CWC verification programs. The three major US concerns are as follows: (1) Russia has reiterated its commitment to the CWC and it is constantly making progress, but due to its late start it is far behind schedule. In order to ensure the timely and safe elimination of Russia's CWs, it will need continued aid; (2) as chemical weapons production facilities are being destroyed or converted, other chemical production facilities that are capable of producing both peaceful commercial chemicals and banned chemicals are still in existence; and (3) on a more general level, several states that are suspected to possess CWs still remain outside of the CWC convention. In our efforts to ensure the elimination of all of the world's CWs and to prevent them from landing in the wrong hands, we must work towards CWC universality.

#### **U.S. Interests**

- Work with the Organization for the Prohibition of Chemical Weapons (OPCW,) other CWC member states, and through the Cooperative Threat Reduction program in Russia to increase aid to Russia's CWs destruction program.
- Advocate that OPCW resources be reallocated from destruction programs to increased verification activities of other chemical production facilities as more chemical weapons production facilities are successfully converted or destroyed.
- Continue working with other member states and the OPCW towards the universality of the CWC, encouraging non members to join the treaty to confirm their commitment to global peace and security.

First, it is important to provide some background information on CWs, as well as look more closely at the CWC, its obligations, and verification procedures. We will then return to each of

the recommendations, going into more depth on each respective issue and the proposed solutions to those challenges.

## **Background**

### Past Uses of Chemical Weapons

The use of CWs has been widespread and dates very far back but they only first became used as a weapon of mass destruction during WWI. In some later cases their use was suspected, for example in the Angolan civil war, but no proof was obtainable to confirm this. The three major occurrences, and the most serious ones, were during WWI, by Egypt against Yemen between 1963 and 1968, and by Iraq in the Iran-Iraq War in the 1980s.

The use of CWs in WWI was perhaps the most horrifying of all cases. Sometimes referred to as the chemical war, WWI saw an estimated 90,000 dead on the battlefield due to the use of CWs, and over one million casualties, with mustard gas being the most common.<sup>3</sup> It was in the aftermath of such brutal war tactics that the Geneva Protocol of 1925 was drawn up and entered into force in 1928, prohibiting the use of chemical and biological weapons in warfare.<sup>4</sup> Despite this we continue to see them used for many years to come.

Egypt first started developing its CW program in response to Israel's pursuit of nuclear weapons development.<sup>5</sup> It was the first country in the Middle East to obtain chemical weapons training and materials. When it employed mustard and phosgene gas bombs in the 1960s in its intervention in Yemen, it was the first Middle Eastern country to use them.<sup>6</sup> Egypt's history of CWs use is reason enough to believe it continues to maintain a stockpile – reason enough for not having signed the CWC yet.

Finally, it was during the Iran-Iraq war that Iraq first developed its technology to create, store and use CWs. Saddam Hussein's attacks on Iranians employed mustard gas, and for the first time ever, nerve agents like Sarin and Tabun.<sup>7</sup> 60,000 Iranians were injured in chemical warfare attacks and victims who survived are still suffering the effects today.<sup>8</sup>

While CWs are not acceptable in modern day warfare, there is still the potential for modern day chemicals to be used as weapons in violent conflicts or by nonstate actors. CWs in the hands of a terrorist group can put hundreds if not thousands of lives in danger very quickly and very easily. The 1995 Tokyo subway terrorist attack using Sarin gas was just one example of what terrorist organizations could do with such weapons. This only emphasizes the urgency with which we must work through the CWC towards the global elimination of CWs.

### The Chemical Weapons Convention

The CWC is not only a multilateral treaty, but also a very strong and committed multilateral effort among member states to accomplish goals that are in everyone's interest. "All Member States have pledged to provide assistance and protection to fellow Member States threatened by the use of chemical weapons or attacked with chemical weapons."<sup>9</sup> As we will see later in the case of Russia, states are working together and dedicating resources to one another when assistance is requested in the elimination of CWs. Member states are not left alone to struggle to meet goals; this is everyone's concern.

Signatories agree under the CWC to declare all stockpiles in their territory or those left in the territory of another state party. They agree to destroy all such CWs, destroy or convert all chemical weapons production facilities (CWPF), and allow verification of these sites through on-site inspections and monitoring.<sup>10</sup> This verification regime applies to "certain toxic chemicals

and their precursors in order to ensure that such chemicals are only used for purposes not prohibited."<sup>11</sup>

As stated before, the deadline set under the CWC for the complete elimination of all CWs declared by member states was April 2007. Under the treaty a five year extension could be made, which the U.S., Russia, and many other countries have taken. However, the U.S. has estimated it will complete its last destruction program in 2021, and Russia set its completion date for late 2015 or 2016.<sup>12</sup> These deadlines are past the scheduled CWC deadlines but the U.S. and Russia's commitment to the treaty has proved to be strong over the past decade and there should be no doubt amongst other member states that we are working to eliminate all of our CWs at the earliest possible date.

The OPCW is the implementing body of the CWC. The OPCW's main duty has been to establish safe demilitarization and destruction programs for chemical weapons stockpiles and facilities. Under the treaty all member states also agree to subject all of its toxic chemicals and all facilities related to the production of such facilities to verification under the CWC. The OPCW is in charge of these inspections and verification regimes. It carries out on-site inspections at declared facilities, investigates possible cases of non-compliance, and responds to requests for assistance by member states.<sup>13</sup>

In the case of a CWs terrorist threat, the organization can respond and "verify that the building and the equipment used by the terrorists to produce those chemical weapons were completely destroyed."<sup>14</sup> Finally, it also "provides a forum for consultation and cooperation among State Parties", holds review conferences to assess the progress of the treaty, and provides training programs for scientists around the world to learn about peaceful uses of chemical science.<sup>15</sup>

In the December 2008 review conference the member states approved a 105 million USD budget OPCW's 2009 fiscal year.<sup>16</sup> Again in 2010 the budget was stagnant at about 105 million, where it had been since 2005.<sup>17</sup> Out of this amount, about 49% has been consistently dedicated to verification in the past six years. All member states to the CWC make contributions to the OPCW budget based on a UN predetermined scale.<sup>18</sup> It is unlikely that the organization's budget will significantly increase in the next several years.

#### Definition of a Chemical Weapon under the CWC

The CWC defines a CW as "any toxic chemical or its precursor that can cause death, injury, temporary incapacitation or sensory irritation through its chemical action. Munitions or other delivery devices designed to deliver chemical weapons, whether filled or unfilled, are also considered weapons themselves."<sup>19</sup> The treaty has divided CWs into three categories based on their risk and the priority of their destruction:

- Category 1 chemical weapons, which are based on Schedule 1 chemicals (chemicals and precursors that pose a "high risk" to the convention and are rarely used for peaceful purposes);
- Category 2 chemical weapons, which are based on non-Schedule 1 chemicals. An example is phosgene; and
- Category 3 chemical weapons, which include unfilled munitions and devices and equipment designed specifically to employ chemical weapons.<sup>20</sup>

Schedule 2 chemicals pose a "significant risk" to the convention, are often precursors to Schedule 1 chemicals, but are not produced in mass quantities. Schedule 3 chemicals are mass produced but most often, although not always, for peaceful uses not banned under the CWC.<sup>21</sup>

The treaty created these categories and schedules instead of listing specific names of banned chemical warfare agents and precursors "because new synthetic compounds with toxic properties are continually being discovered" and any list such as this "would rapidly become obsolete."<sup>22</sup>

However, the treaty's definition of a toxic chemical is broad as well, "a toxic chemical is defined

as “any chemical which through its chemical action on life processes can cause death, temporary incapacitation or permanent harm to humans or animals.”<sup>23</sup>

There is one type of chemicals which has been the subject of various debates lately as to whether or not it is considered a CW. Riot control agents (RCA), also known as riot gases, have been used by governments all over the world for law enforcement purposes. Some countries have also tried to justify their use in situations where civilians and combatants are mixed, for example in a terrorist attack.<sup>24</sup> These gases, teargas being the most well known, “can produce rapidly in humans sensory irritation or disabling physical effects which disappear within a short time following termination of exposure.”<sup>25</sup> Because of this vague definition, some states have taken it to mean that certain toxic chemicals can be used on the battlefield. The lack of a more concise definition of an RCA is another aspect of the CWC with which we must deal in the near future.

The biggest challenge with CWs, and why they are perhaps even more dangerous than nuclear weapons and certainly much harder to eliminate, is that they are often binary CWs – made up of a combination of precursor elements. Before they are combined to make a deadly weapon, some precursor chemicals may have only peaceful uses. Thus an inspection of stockpiles in a peaceful production facility may not reveal for what they will ultimately be used. It is because of this that verification measures must be adapted, as progress is made in the destruction of current stocks, to focus more on the current production of chemicals and their uses. This is a point which will be discussed further in our recommendations.

## **Recommendations**

Considering the grave threat that chemical weapons pose to the security of all nations and people of the world, and considering our obligations as Members States to the Chemical

Weapons Convention to prevent the development, proliferation, and use of chemical weapons; to eliminate all existing stockpiles of such weapons; and to uphold our commitment to improve said Treaty in ways which will benefit all concerned parties; we recommend to the Obama Administration that the U.S.:

- Work with the OPCW, other member states, and through the Cooperative Threat Reduction program in Russia to increase aid to Russia's CWs destruction program.

Today 95% of the world's supply of CWs is in the U.S. and Russia. While the U.S. has reduced its stockpile by 81% as of October of 2010, Russia has only eliminated 48.6% of its declared CWs.<sup>26</sup> As previously stated, Russia has shown over the years that it is very dedicated to the elimination of its stockpile through continued cooperation and hard work. Because of such commitment to the treaty, the reason for delay is taken into account fairly and does not negatively affect our view of Russia's destruction program.

The reason for Russia's near decade delay on the implementation of its destruction program was for the most part a consequence of the breakup of the Soviet Union which was occurring at about the same time the CWC was being negotiated and open for signatures. The subsequent economic and social transitions were an enormous strain on society and on its finances, preventing the state from focusing its efforts on chemical weapons demilitarization. When Russia signed and ratified the treaty four years later in 1997, officials made it clear "that they would need technical and financial support from other CWC members to meet treaty deadlines."<sup>27</sup> Other states did indeed step up in a multilateral effort to support its fellow member state – just another example of the dedication and cooperation amongst the CWC signatories.

Mainly due to these circumstances, Russia's first destruction facility was not opened until 2002. The facility was built and funded by Germany for the neutralization of lewisite.<sup>28</sup> So the low numbers depicting the percentage of CWs Russia has destroyed since its ratification of the treaty are misleading. In fact, Russia has made a very significant amount of progress in the past nine years alone.

After the first destruction facility was opened by Germany at Gorny in the Saratov Oblast, Russia has been able to open four more chemical weapons destruction facilities and two more are scheduled to be opened in 2011 and 2012.<sup>29</sup> Out of the five completed sites, two have already finished operations and shut down, having eliminated all CWs at those sites. When Russia signed the CWC in 1997, it declared 40,000 metric tons of CWs at seven arsenals in six regions – compared to the U.S.'s declaration of 28,577 metric tons.<sup>30</sup> As of December 2010 it had eliminated almost 20,000 metric tons.

Russia's CW destruction program has been able to accomplish this because of the enormous amount of financial and technical aid it has received from other member states. Most of its financial resources have been received from the Global Partnership against the Spread of Weapons and Materials of Mass Destruction, founded at the G8 Summit in Canada in 2002.<sup>31</sup> With regards to member states,

The United States through the Cooperative Threat Reduction (CTR or Nunn-Lugar) program has committed more than \$1 billion since the mid-1990s to the planning and construction of the neutralization facility at Shchuch'ye, while Germany has committed \$475 million to construction at Gorny, Kambarka, and Pochev. Canada and the United Kingdom have contributed some \$82 million and \$39 million, respectively, while at least another 10 additional countries have contributed some \$25 million.<sup>32</sup>

In addition to financial help, the technical help Russia has received from the OPCW in training in chemical weapons handling and destruction has been invaluable. On a side note, just

because Russia has needed aid and assistance from other member states does not mean that it has not committed any of its own resources to the process. According to the Russian news site RIA Novosti, since its start "the country has allocated \$7.18 billion from the federal budget for the implementation of the program."<sup>33</sup> However, without additional support from the mentioned sources, Russia's contribution would not have gone far.

It is through these examples of undeniable success in the past that we see that aid to Russia's CWs demilitarization programs is essential. At the rate at which Russia has been disposing of its CWs stockpiles in the past nine years, it is a reasonable goal to expect to complete the process in the next five years, as it has estimated it will take. However, this is only possible if member states and the OPCW continue their commitment to this project. The expertise, guidance, and additional resources they have provided have been essential. As stated above, the OPCW budget has not increased since 2005 and thus it cannot be expected to increase its contribution to Russia's programs. We recommend that the U.S. work with other member states to advocate for continued national contributions to Russia's CWs disarmament programs.

The U.S.'s Cooperative Threat Reduction (CTR) Program in Russia has successfully worked over the years towards the destruction of all types of WMD. Its CWs destruction program has made a significant impact on the progress of Russia's destruction program. For example, one third, or \$1 billion, of the construction of the neutralization facility in Shchuchye, opened in 2009, was funded by the CTR.<sup>34</sup> Funding for the CTR must remain a top priority for U.S. WMD policy so that it can continue its aid to Russia's CWs destruction program.

Finally, it is crucial that Russia also initiate confidence-building measures to reassure the other parties of its commitment to fulfill its obligations. Member states must feel confident that it

is in their interest to invest in the crucial last leg of Russia's journey towards the elimination of CWs, and assured that Russia's CWs programs are not a threat to others' security.

- Advocate that OPCW resources be reallocated from destruction programs to increased verification activities of other chemical production facilities as more chemical weapons production facilities are successfully converted or destroyed.

As more chemical weapons production facilities (CWPF) are successfully destroyed or converted to peaceful purposes, discussions have emerged as to how the OPCW should be restructured so as to meet the changing needs of the CWC's member states. As previously stated, Russia has three currently working destruction facilities, two that have already completed operations, and two more that are being constructed. There remains the option of converting Russia's CWPFs when they complete operations, which the U.S. would not be against, as long as they are converted irreversibly to commercial production. It is not clear whether Russia is planning on converting or destroying its plants. Similarly, the U.S. has four currently operating incinerators, two neutralization facilities, and two plants under construction. It is also not clear what will be done with these facilities after destruction of all CWs.

As a result of this progress, verification costs related to the destruction process are slowly falling.<sup>35</sup> "Currently, the OPCW spends about 80 percent of its verification resources on monitoring the destruction of chemical weapon stockpiles and 20 percent on industry verification to detect and deter illicit development or production of chemical weapons" at military facilities as well as commercial chemical production plants respectively.<sup>36</sup> But needs are changing and an adjustment is going to need to be made in the next years to shift more resources towards the verification of the latter type of facilities.

Commercial chemical production facilities are considered a much higher risk to the OPCW's non-proliferation regime because surveillance of what their chemicals are being used for is challenging and expensive. It is precisely because of the duality of their use that the CWC does not list specific banned toxic chemicals or precursor chemicals, but rather categorizes them based on threat. While some (Schedule 1) chemicals are produced solely for the purpose of warfare and can be identified as such, the majority of chemicals and their precursors can be put to peaceful uses, but when combined can form a deadly weapon. This affects the verification regime of the OPCW as its investigations cannot be based on what chemicals are being produced but what the *purpose* of their production is.

A commercial chemical production facility falls under the category of "other chemical production facilities" (OCPFs), or a plant capable of producing banned or dual-use chemicals. Any converted demilitarization facility would also fall under this category. Since the CWC was entered into force, 5,225 OCPFs have been declared by 77 member states.<sup>37</sup> Under the CWC, declared OCPFs are only subject to few and random inspections. For example, in 2007 there were only 118 inspections of OCPFs.<sup>38</sup> But OPCW officials, some states-parties, and outside experts have expressed concern about the growing number of OCPFs, particularly because "about 10-15 percent of these facilities are perceived as especially susceptible to manufacturing chemical weapons, that is, because they apply flexible production technologies that could be easily converted to the production of chemical weapon agents."<sup>39</sup>

We recommend strengthening provisions for routine inspections of OCPFs by shifting resources from destruction facility verification to that of OCPFs.<sup>40</sup> The following timeline for budget adjustment should be strongly based on the expected progress of the two largest CWs possessors; that the U.S. will complete the bulk of its process by 2017 and that Russia will

complete operations in 2017. The OPCW verification budget should be adjusted from allotting an 80/20 ratio mentioned above (percent of budget allocated to the verification of demilitarization facilities and OCPFs respectively), to a 50/50 ratio by 2017, and to a 30/70 ratio by 2019. Further adjustments should be considered as actual progress and needs are assessed, and as the U.S. and Russia approach the complete elimination of all their CWs.

We must look ahead and consider how the OPCW must change from its established structure of a demilitarization organization to a non-proliferation and anti-terrorism regime. Decisions must be made soon considering what kind of organization this needs to become to best assess and deal with the new threats that are presented to us every day. States, companies, and research institutions must also ensure they improve security at their chemical facilities and control access to the materials being produced. The OPCW might help these entities financially and logistically as it had previously been helping them as destruction facilities. With continued effort from all actors involved we can create an even more effective and strong organization that can work towards eliminating the threat of CWs.

- Continue working with other member states and the OPCW towards the universality of the CWC, encouraging non members to join the treaty to confirm their commitment to global peace and security.

When the CWC first entered into force there were 87 signatory countries. That number has increased to a total of 186 member states today, with two additional countries having signed but not ratified, including Iran. Only five states have neither signed nor ratified the treaty, including North Korea.<sup>41</sup> The CWC is close to reaching its goal of achieving universality, but the last stretch will be a very difficult one. The NPT is the only other multilateral treaty so close to universality, with a membership of 189 states. With continued efforts to emphasize the urgent

nature of the CWC, and to reiterate the grave threat CWs are to our safety, the commitment to global peace and security can become an international standard.

Currently the biggest obstacles in achieving universality of the treaty are the memberships of Egypt, Israel, Syria, and North Korea. These Middle Eastern countries and isolated North Korea are perhaps going to be the most challenging allies to gain as they are suspected to possess CWs and therefore are unlikely, in their national interest, to submit themselves to the CWC. Israel in particular, a signatory that has not yet ratified the treaty, has been in this position since 2007 and its main reason for not ratifying has been predominantly security concerns.

Specifically, as Iran is suspected by some to possess CWs, and now that it is also suspected to be developing a nuclear program, Israel is very unlikely to give up its CWs because it might see them as a counterbalance to Iran's capabilities.<sup>42</sup> In Egypt's case, while it allegedly used CWs against Yemen, its current stockpiles have not been confirmed. Egypt was an active part in CWC negotiations in the 1990s but has still not joined the treaty. The fact that all four of these countries most likely possess CWs stockpiles unfortunately lowers the likelihood of their ratification of the treaty even further.

Smaller, seemingly unimportant non-signatory states, including Angola, Somalia, and Myanmar might appear to be less of a threat to the values of the CWC, as there has been no evidence of possession of CWs in the past (except maybe Angola, but it was never proved), nor do they pose a significant threat to international security. However, "the absence of even small states from the CWC could undermine the treaty by providing safe havens or transshipment points for nonstate actors and smuggling networks."<sup>43</sup> This threat only emphasizes the need for

not only top priority countries to join the CWC, but for the achievement of universality of the treaty.

Angola should be the easiest state to persuade to join the CWC. The main obstacle is now logistical and resource constraints.<sup>44</sup> Somalia and Myanmar have for the most part not joined because of their own internal conflicts. We recommend that targeted pressure be maintained on these three states, as well as bilateral assistance offered to help in their ratification or accession processes. We also recommend that subsequent aid be given to assist in the implementation of the treaty. Without such aid these countries would most likely not be able to commit to its standards.

As stated before, there is no easy way to reach this goal. We recommend that the universality of the CWC remain a top priority of the OPCW and of current member states, including a top priority of the Obama Administration's WMD foreign policy. The OPCW cannot be the only body to be urging the accession of non-member states. Encouragement must also be coming from all current member states. A decision at the Conference of the State Parties articulates this idea well as it urges that "States Parties and the Secretariat to continue to intensify their universality-related efforts with a view to increasing the number of States Parties."<sup>45</sup> Now it is just a matter of carrying out these goals we have established at the conference so that over time we can ensure that the CWC's inspections and standards can be implemented to their fullest.

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*Jena Ladenburg, "The U.S. - Russia Conventional Weapons Gap:  
Why It Could Prevent Further Reductions."*

## **Introduction**

Conventional weapons capabilities have increased drastically with improvements in technology. The improvement in conventional weapons capabilities means that the circumstances in which they can be utilized are also expanding. As nuclear weapons stockpile have reached a historic low, conventional weapons are seen in a new light: an alternative to certain types of nuclear deterrence.

Nuclear weapons have been controversial since they were first conceptualized over 65 years ago - a time when conventional weapons were not nearly so powerful and accurate as they are today. There are multiple issues that arise when discussing nuclear weapons. First and foremost is the incredibly destructive power they are capable of producing. Using nuclear weapons raises moral questions, because of their massive yields that inevitably cause mass casualties of civilians. The use of conventional weapons is preferable over nuclear weapons for various political and moral reasons, and the arsenals of U.S. conventional weapons are becoming more accurate, powerful, and durable as time progresses.

Russia undoubtedly possesses a strong conventional force as well, but not nearly in as sophisticated amounts as U.S. conventional forces, which leads Russia to rely on a large tactical nuclear weapon force to counter this imbalance. This paper will evaluate the role of conventional weapons in U.S. - Russia relations concerning further nuclear reductions and security cooperation.

## **Global Security Environment**

To understand the role of nuclear and conventional weapons in international politics today, it is important to note how the current global security environment evolved from the beginning of the development of nuclear weapons. Nuclear weapons stocks were increasing rapidly at the dawn of the Cold War, a time when the international system was markedly different than the present day. In the early 1950s, the U.S. and the USSR were two superpowers determined to build up their nuclear stockpiles. It wasn't until the late 1950s that both countries began to acknowledge the increasing number of deadly forces they possessed would cause unimaginable damage if ever deployed.

Now, two decades after the end of the Cold War, the international system has evolved in several ways. Changes in the balance of power, increased international cooperation, a significant emergence of non-state threats, advances in technology, and a new generation of politicians all contribute to a very different world than that of the Cold War era.

In the Cold War era the United States considered the USSR the ultimate threat, and therefore most of its nuclear and conventional weapons policies were aimed against the USSR.<sup>1</sup> For example, the multi-national non-proliferation regime COCOM (Coordinating Committee for Multilateral Export Controls) was aimed specifically toward keeping the latest in military technology out of the Soviet Union's hands. Furthermore, the North Atlantic Treaty Organization (NATO) was a political and military alliance of the U.S. and European countries created to offset the conventional and nuclear threats the USSR posed against them. Shortly after, the USSR and its allies formed the Warsaw Pact to counter NATO. With two superpowers leading two opposing political

and military alliances, tensions were high, and so were the nuclear arsenals of the U.S. and USSR. Toward the end of the Cold War, weapons reductions began to take place, however both countries were sure to have sufficient second-strike capabilities should the need arise.

However, when the Cold War ended and the USSR collapsed, the United States' status as the sole superpower began to slowly change the global security environment. The USSR collapsed, and a territorially-shrunken Russia was no longer seen as a significant conventional threat to the United States and its NATO allies,<sup>2</sup> although it still held a large nuclear arsenal. As technology rapidly spread worldwide and more and more countries began to seek nuclear weapons, the US began to shift its focus to other emerging threats. Although Russia was still a large concern, the U.S. began to see potentially dangerous regimes and non-state actors as new and imminent security challenges. For Russia, the U.S. remained a large concern because of their sole superpower status and as well as military might.

September 11, 2001 exemplified the growing dangers of non-state violent actors, specifically regarding their capabilities to use terrorism. Russia was the first to contact President Bush to offer condolences and assistance, a stark change from old Cold War tensions. The main security threat to America changed from another state to the broad category of 'terrorists'. Russia has continued to cooperate with the U.S. over the years fighting terrorism and supporting the war in Afghanistan, yet it remains weary over America's large global reach.

## **Conventional Weapons Capabilities**

The United States maintains the most militarily advanced and large-scale conventional weapons in the world. As of 2010, the U.S. defense budget is the world's largest, with a baseline of 533.8 billion dollars.<sup>3</sup> In comparison, Russia's 2009 defense spending was \$46.8 billion.<sup>4</sup> To illustrate some of the capabilities of the U.S. and why Russia is concerned with U.S. conventional weapons, recent developments in Precision Guided Munitions are a good example.

The ability to hit a target with extremely high accuracy is one of the most valued advances in modern military technology. "No matter how big, destructive, and deadly a bomb you build, if you cannot deposit it reasonable close to the intended target, it will not do the enemy much harm or you much good" Koplow affirms.<sup>5</sup> Since World War II, the capabilities of the U.S. to achieve such accuracy have improved dramatically. Precision-Guided Munitions (PGMs) are the most important development, which makes them a useful example to illustrate the utility of technologically-precise conventional weapons. There are four major types of PGM, each with its own set of advantages and disadvantages: the electro-optical guided bomb (EOGB), the laser guided bomb (LGB), the Tomahawk and Conventional Air Launched Cruise Missile (CALCM), and GPS guided missiles.

The use of PGMs has risen rapidly over the last few decades. In Operation Desert Storm in Iraq in 1991, only 8% of the bombs dropped were PGMs. Just over ten years later, during Operation Iraqi Freedom in 2003, 68% of bombs dropped were PGMs. These statistics include allied forces; if you look at the percentage of PGMs that were dropped by American forces, the figures climb even higher.<sup>6</sup> The United States military

is irrefutably using more and more high-tech precision conventional weapons to accomplish its goals.

The initial stage of the invasion of Iraq in 2003 shows the brute force the U.S. military can summon if ordered to do so. In less than a month after the initial invasion, Iraq was under U.S. military control. A report for Congress stated “Although some resistance was encountered after U.S. troops entered Iraq, all major Iraqi population centers had been brought under U.S. control by April 14.”<sup>7</sup> Although there are ongoing controversial debates about whether the U.S. made the correct move to invade Iraq, and whether or not the U.S. was (and is) able to maintain a relatively stable environment there, the fact that the U.S. was able to overthrow a country in less than a month illustrates the military superiority of its conventional weapons capability.

Another example of U.S. military capability and the power of PGMs is the strike on Sudan and Afghanistan that President Clinton ordered in 1998. In response to earlier attacks that killed 12 U.S. citizens and 300 Africans in Kenya and Tanzania by Osama bin Laden, Clinton ordered dozens of cruise missiles to target what he claimed were large terrorist training facilities. The aim was to disable the terrorist network long-term.<sup>8</sup> Since PGMs were used, American lives were not put directly in danger.

Such capabilities illustrate the power the United States is able to deploy if needed. Even without nuclear weapons, the U.S. is a more than formidable force with which to reckon. The U.S. has military bases in 144 nations around the world<sup>9</sup>, both public and those that are undisclosed. Russia does not turn a blind eye to this fact.

In 2008 after Russia's war with Georgia, Russia announced a drastic ‘restructuring’ of its military, with the goal of modernizing and reforming its armed forces by 2020. “That program envisages abandoning the mass-mobilization principle in favor of forming mobile, permanent-readiness forces, capable of reacting to the order to deploy within ‘one hour’,” explains McDermott.<sup>10</sup> Russia also plans to modernize its

conventional forces. McDermott continues. "...it is likely that Russian conventional armed forces will emerge in the next few years as an unrivaled dominant force within the former Soviet space; capable of sudden, decisive intervention, with minimal damage to the country's international credibility."<sup>11</sup> More recently, Russia announced it would invest up to \$650 billion in defense spending between now and 2020, mostly aimed toward modernizing its military capabilities.<sup>12</sup> However, even with these planned expenditures and weapons modifications, Russia will not reach the conventional weapons capabilities of the U.S. in the near future.

Russia is especially concerned with American plans for a 'Prompt Global Strike Initiative' (PGS), first proposed under the George W. Bush administration, and continued under President Obama. This initiative would convert nuclear armed intercontinental ballistic missiles (ICBMs) into conventional missiles. Obama claims that it is another step toward nuclear zero, because it puts less emphasis on the necessity of nuclear weapons by strengthening the United States' conventional deterrent.<sup>13</sup>

The critical problem with PGS is that the missiles and delivery systems are the same as nuclear ICBMs, which could cause a misinterpretation of conventional missiles as nuclear ones. This type of mistake could be catastrophic. Also, Russia sees PGS as another way for America to assert global domination. In light of Russia's concerns, the New Strategic Arms Reduction Treaty (New START) treaty requires that for every PGS missile commissioned, the US dismantle one nuclear weapon. The U.S. hopes to have an early version of the system deployed by 2014 or 2015.<sup>14</sup>

For its own part, Russia is converting some of its own nuclear missiles into conventional use. Although not the same as the ICBMs the Obama administration wishes to convert for PGS, a 2009 article from Aviation Week & Space Technology describes a

Russian program to convert its K-55 nuclear cruise missile to a conventional one. “The acquisition of a long-range, air-launched, conventionally armed cruise missile has been a long-standing goal for the Russian air force, particularly to expand the utility of its strategic bomber types. Long-term funding and development issues, however, have hampered efforts,” the article contends.<sup>15</sup> The recent restructuring and increased funding for the Russian military modification could mean more and more missiles with nuclear warheads are converted into conventional weapons. The main reason for the method of conversion instead of building new missiles is the benefit of cost effectiveness.

Although Russia has ordered a recent restructuring of its military and increased funding for military modification, it will still depend on tactical nuclear weapons (TNW) to compensate for its lack of conventional power in comparison to the U.S. and NATO allies. Russia’s national security concerns regarding this conventional weapons gap could be detrimental to future arms control reductions and other international security cooperation efforts.

### **Future Concerns**

The New START treaty is a crucial step towards a world without nuclear weapons; however, there is reason to believe that nuclear reductions may stop there. “The issue of strategic conventional weapons might stop cold the Russian-American reduction talks,” says Myasnikov from the Center for Problems of Disarmament, Energy, and Environment.<sup>16</sup> If the United States develops a PGS initiative as well as other highly technological conventional delivery systems, Russia fears that, combined with missile defense, its security could be compromised. Explains Anatoly Antonov, Director of the

Foreign Ministry's Security and Disarmament Department, "The Americans develop strategic conventional weapons in accordance with their Prompt Global Strike initiative. Coupled with the global ballistic missile defense system, this initiative or concept becomes an instrument of political and strategic domination. That's a serious factor that undermines principles of mutual deterrence and mutual security and that might even disable the global strategic stability architecture."

Russia has already stated that if it feels that the U.S. develops "quantitatively and qualitatively" its missile defense system, it could be grounds for withdrawal from New START. Coupled with concerns over conventional weapons capabilities, the U.S. must be careful to work with Russia to ease fears.

Tactical nuclear weapons (TNW) reductions also fall victim to concerns over the conventional weapons gap. As of today, Russia has over three times as many TNW as the U.S., although exact numbers are unknown. It is extremely unlikely that Russia will concede to tactical weapons limitation talks while its conventional weapon forces remain so far behind America and NATO's forces. Russia's unclassified military doctrine states that as well as in response to nuclear and other WMD attacks, the use of nuclear force is permissible "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."

This statement underlines the threat felt by U.S. and NATO conventional weapons, and is meant to offset the threat by Russia's possession of TNW. Also, tactical weapons are much cheaper to maintain than ballistic missiles or cruise missiles are to produce.<sup>17</sup> With Russia's tight budget concerns, cost is a major consideration in retaining tactical nuclear weapons. Close cooperation with Russia concerning missile defense and

possible strategic conventional weapons negotiations will be needed to achieve success in tactical weapons reductions. Possible solutions suggested by Russian officials include concessions in tactical weapons in exchange for US concessions in ballistic missiles and missile defense systems. However, Myasnikov admits, the US will likely “regard a dialogue over joint ballistic missile defense programs as a replacement for debates over ballistic missile defense.”<sup>18</sup> Another idea, states Carnegie Moscow’s Petr Topychkanov, is to place a ban on US bases for aerial attack forces in Europe. “Russia, could adopt a similar ban, and agree not to base its forces in the territory of its CSTO and CIS allies”, he suggested. This would reduce Russian concerns by making U.S. SSGN’s outside of range to reach Russian ICBMs.

Altogether, the conventional weapon gap will continue to be a problem in the near and distant future. It would be in both the U.S. and Russia’s best interest to compromise on security concerns in order to continue to reduce nuclear weapon arsenals. Russia’s dependence on TNW for deterrence conflicts with nonproliferation goals, as does the growing conventional superiority of the United States, which ironically perpetuates the problem of high levels of nuclear stocks. Close cooperation regarding missile defense, strategic conventional weapons, and creative ways to achieve tactical nuclear weapons reductions are necessary to further nonproliferation goals in the near future.

#### Endnotes

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*Angela Meyer, "U.S.-Russian Bilateral Trade:  
The Political Economy of WTO Accession."*

*"The WTO is an instrument. He who knows how to use it grows stronger; he who prefers to sit behind a fence of protectionist quotas, and duties—he is doomed, absolutely doomed strategically." –Vladimir Putin, Former President of Russia, 2008*

## **Introduction**

Since the fall of the USSR, Russian and US trade relations have taken a back seat to greater concerns about diverging interests concerning nuclear security, human rights, and relations with the Near Abroad. In creating the 2009 US-Russian Bilateral Presidential Commission the Obama Administration sought to “reset” the US relationship with Russia and has made a commitment to not only resolve foreign policy conflicts but also initiate trade and economic activity between the two countries. Due to Russia’s extensive protections on key industries and incredibly high standards for meat, poultry and pharmaceutical exports, seeing that Russia accedes to the WTO are in the best interest of many US export industries. In order to achieve this goal, the Obama administration must first address the **main obstacles** that contribute to Russian exclusion from the WTO. Although the US has political leverage in the international arena, it is unable to reform directly many of the existing circumstances that are continuing to defer Russia’s membership. Many of the necessary reforms must be implemented by Russia itself.

## **Russian Accession to the WTO is Critical to the US-Russian Bilateral Relationship.**

The US-Russian bilateral trade relationship will undoubtedly benefit if Russia joins the WTO. Not only is there room for the exploration of new industries within the Russian economy,

but many of the existing trade relationships will flourish as tariff and non-tariff barriers are standardized and stabilized according to the WTO's strictly defined set of rules of international trade. A 2009 report by Deutsche Bank states, "If Russia joins the WTO, exports to current WTO members could increase in the longer run by as much as 50%." <sup>1</sup> Russia's growing and highly educated middle class is an untapped market for many US high value added sectors such as technology, industrial exports, agriculture, aerospace, autos, trucks and environmental and energy technology services. <sup>2</sup> Though demand slumped during the economic crisis in 2008, US exports are predicted to double or triple with Russian membership. <sup>3</sup>

Membership will also increase transparency as Russian business and trade practices must adhere to the WTO rule of law. This is essential in US-Russian trade relations as an average of 53 billion USD yearly are lost from the Russian economy due to illicit outflows (Global Financial Integrity 2011) <sup>4</sup>. If Russia becomes a fellow member, the US will have a rule making body to defend US interests and industries within Russia.

The WTO encourages the use of tariffs instead of non-tariff protectionist policies, which simultaneously promotes predictability and transparency as countries are bound to adhere to specific, data based policies, instead of arbitrary information. <sup>5</sup> Furthermore, Russian coal, oil, gas, chemical and metal industry will profit immensely as the raw materials market usually benefits from increased global competition. <sup>6</sup>

Currently, the WTO is the only body that has any governing power on international free trade. As a BRIC nation (Brazil, Russia, India, and China) with one of the fastest growing markets, Russia is the largest world economy that has yet to accede to the WTO. Exclusion from the WTO not only denies Russia access to 90% of total world trade but also leaves Russia without a voice in global trade policy. <sup>7</sup>

**Russian Protectionist Policies are Still an Obstacle in WTO Accession.**

Russian tariffs on average are higher than WTO standards in almost every industry. Under WTO regulations, Russia would decrease tariff percentages across the board. It is estimated that in US information technology alone, products and equipment exports would value at \$17 billion in 2011 and grow almost 11% annually for the next 5 years. This is because under WTO regulations information technology would enter Russia duty free.<sup>8</sup> Tariffs on industrial imports such as chemicals, medical supplies, aircrafts, and construction equipment would lower existing tariffs to 8.2% (Deutsche Bank Research 2009)<sup>9</sup>. Upon entering the WTO, Russian tariffs on aircraft engines and other parts would fall to an average of 5%.<sup>10</sup> Commercial aircraft tariffs are anticipated to decline 12.5 % in 4 years and 7.5% on narrow-body commercial aircrafts in 7 years.<sup>11</sup>

The Obama Administration should be attentive to the fact that dividends from these tariff decreases as a result of WTO accession could result in thousands of US jobs being created. It is also notable that WTO regulations have the power to bind tariff levels that would prevent Russia from drastically raising or lowering tariffs and quotas to adapt to changes in the market. If Russia had been accepted into the WTO before the 2008-2009 global financial crisis, its fellow WTO trade partners, including the US, would have been safeguarded from protectionist reactions, including the non-tariff barriers against meat and poultry.<sup>12</sup>

One of the greatest frustrations surrounding US-Russian trade is Russia's use of food safety and sanitary and phytosanitary (SPS) measures around agricultural products, specifically beef, pork and poultry products. Since 2008, Russia has raised many protectionist measures to protect their industries at home. Hitting US exports the hardest is the non-tariff barriers on meat

and poultry imports into Russia. In 2008 the US exported \$740 million worth of poultry products to Russia—the single largest market for US poultry producers (Faiola and Kessler 2008)<sup>13</sup>.

Russia raised standards for sanitary regulations and food safety in 2008-2009 when they instituted a zero tolerance policy toward antimicrobial treatment in any meat or poultry import and banned any poultry product cured with chlorine. In October of 2008 the Russian official veterinary service stated it, “no longer recognizes USDA authority to inspect and relist (meat and poultry) plants that completed corrective actions” (Johnson and Becker 2010)<sup>14</sup>. The ban was effective January 1<sup>st</sup>, 2010 and the majority of US poultry producers are expected to face great losses if they do not find alternatives to chlorine rinses.

In light of the economic crisis, many argue that Russia’s sanitary protections (SPS) are not merely about food safety. According to a US Congressional research team, the SPS measures are inconsistent with international recommendations, guidelines and policy; they are also without a scientific basis.<sup>15</sup> For example in March 2002, Russia banned US poultry imports due to a breakout in avian influenza in the US. Russia has also banned pork products due to H1N1 breakouts—both diseases are known to be unable to transfer through the consumption of the product.<sup>16</sup>

The use of sanitary and food safety protections is an outdated practice according to WTO standards. Under the Agreement on Sanitary and Phytosanitary Measures (SPM), “WTO members are permitted to apply controls on products in order to protect public health and safety, but those controls must be scientifically based and must not discriminate against imports.”<sup>17</sup> Instead, the WTO encourages nations to commit to a tariff rate, which allows for predictability, transparency and accountability. Unnecessary testing of imports is also costly and time consuming, pouring more money into bureaucracy and away from trade and development.

Although Russia is no longer a command economy, Soviet-era protectionist practices, like SPS measures are often used to insulate domestic industry. If Russia seeks to enter the WTO in the following years, it must aggressively implement the liberalization of tariff and non-tariff protections. While on the pathway to WTO membership status, a nation must engage in a series of bilateral and multilateral trade negotiations with WTO partners. The US has an incredible amount of political sway in Russia's WTO vote, yet there is little the US can do to reform Russian trade policy. Considering Russia's many emerging industries and educated, growing and consuming middle class, it is in the US best interest to remain active in the Russian WTO Working Party and continue to move forward from the decisions made in the 2006 Bilateral Market Access Agreement, which is discussed below.

A major milestone on the way to WTO accession as well as the US-Russian relationship is the 2006 US-Russia WTO Bilateral Market Access Agreement. The Agreement sought to resolve many of problems regarding agricultural products through extensive negotiations and plans to create new market access opportunities for US exports of goods and services.<sup>18</sup> A highlight of this agreement was the resolution of any long-standing issues surrounding beef, pork, poultry and biotechnological products in the 2003 Bilateral Meat Agreement. Upon the signature of the bilateral market access agreement these resolutions were taken into effect, yet evidently this issue continues to remain a pressure point in US-Russian trade relations.

The Obama Administration should utilize progress made in the negotiations of the agreement and ensure that US industry is looking towards the Russian market as an opportune destination. It should also encourage US institutions like the Department of Commerce and the Chamber of Commerce to pursue relationships with Russian firms, people and fellow

organizations, since the creation of a “Russian lobby” has been limited trade promotion efforts in US-Russian trade discussions.<sup>19</sup>

Government and non-government organizations such as the Export-Import Bank, the Overseas Private Investment Corporation, and the US Trade Development Agency must be utilized to seek the cooperation, communication and cultural understanding that are cultivated from trust between business persons. Smaller-scale business exchanges are essential in creating long-term relationships because such relationships are often nurtured at an interpersonal level. Despite vast cultural differences, the US is able to trade with a variety of different nations around the world—Russia should be no exception.

**Russia has Signed on to a Free Trade Customs Union with Belarus and Kazakhstan, Further Delaying Russia’s Journey to Join the WTO.**

It has been a long 17 years since Russia first applied for WTO membership. Aggravated with the lengthy accession process and supposedly unfair treatment, Russia has chosen to formulate a customs trade union with the former Soviet states Belarus and Kazakhstan in order to open themselves to international trade in other ways. The creation of customs unions is becoming an international trend, and so it is not surprising that Russia, which seeks to create Moscow as the regional hub of international finance and trade, would combine forces with Near Abroad countries.

The union is said to go into effect by 2012, opening up the three economies to free trade, as well as harmonizing customs rules and tariffs.<sup>20</sup> In the future, the customs union is likely to allow for the free movement of both labor and capital between countries as well as facilitate economic competition in order to boost the entire regions’ economic activity and diversify industries such as technology and alternative energy.

Russia's actions in creating this customs union represents a confusing strategic move to many economists, as the formation of this union will most likely prolong WTO accession to all three nations, all of which had previously pending individual applications. Article 12 of the WTO on Accession states, "Any state or separate customs territory possessing full autonomy in the conduct of its external commercial relations" is eligible for membership.<sup>21</sup> WTO decision makers are having difficulty defining what the customs union will mean if they choose to accept one nation and not the others. Until the WTO and the three nations have discussed the status of this customs union, its future remains unknown. All three might have unwittingly guaranteed that a WTO invitation for any of them will not be timely.

Unsurprisingly, the WTO is skeptical of Russia's intentions in attaining membership. Acceptance in the WTO is said to remain a top priority for the three nations. Since the original statement, the nations have decided to accede as separate states, each functioning with their own working party.<sup>22</sup> Yet Russia's adherence to a number of protectionist policies, combined with strategically confusing behavior creates uncertainty among fellow WTO members.

### **The US has Still Yet to Graduate Russia from the Jackson-Vanik Amendment.**

Like Russia, the US is at times confused about its own trade policies. There is one large obstacle from Russia's communist past that stands in the way of both WTO accession and a permanent trade relationship with the US—The Jackson-Vanik Amendment.

Created in 1974 by Henry M. Jackson and Charles Vanik, the Jackson-Vanik Amendment was an addition to the Trade Act of 1974 as a response to U.S.S.R. emigration policy that prohibited the emigration of Soviet citizens, specifically Soviet Jews.<sup>23</sup> In the midst of the Cold War, Jackson-Vanik was a strategic amendment designed to punish communist nations economically for laws and actions imposing on individual rights. Since its enactment, Jackson-

Vanik has become emblematic of the freedoms granted to the estimated 573,000 refugees settled in the US from Soviet occupied territories and one million more who settled in Israel.<sup>24</sup>

Legally, Jackson-Vanik denied PNTR (Permanent Normal Trade Relations) status to any communist or non-market economy countries that denied the freedom of emigration—an inherent human right considered by both the UN and the US.<sup>25</sup> PNTR status, or internationally known as MFN (Most Favored Nation) status is granted to one nation by another guaranteeing full potential of trade opportunities within that nation. In 1974, Jackson-Vanik forbade all former and current communist countries with the exception of Poland and Yugoslavia from PNTR.<sup>26</sup>

Under Jackson-Vanik guidelines, the president may waive restrictions each year, and Russia has been granted normal trade relations (NTR) since 1994 with hardly any congressional resistance.<sup>27</sup> A congressional vote is necessary, however to permanently release a nation from Jackson-Vanik, and Congress must decide what is in the US best interests both with regard to domestic and foreign trade. But it must also consider the potential risks of repealing an amendment that has codified the protection of human rights for many citizens around the world.

Despite delay due to the Customs Union proposal, the fast-growing Russian economy is likely to achieve WTO access in the next five to ten years. In previous cases, countries held under Jackson-Vanik that were admitted to the WTO were graduated from Jackson-Vanik upon accession. The Coalition for US Russian Trade recently released in a statement on February 9th stating that “the Passage of PNTR is an imperative condition precedent for US businesses and agricultural interest to take full advantage of WTO entry.”<sup>28</sup> In other words, the US must secure its place in Russia’s economy before it is freed to all WTO nations who will certainly be targeting Russia as a key emerging market.

That said, Congress ought to be prepared to make a decision fast. The right decision is difficult to predict, as Russia's adherence to human rights law has been questionable in the past years, especially regarding its military actions in the Georgian War as well as the recent increase of censorship and political violence within the country at times, for which there is suspicion concerning Russian government complicity. Russia is one of the last remaining nations to be released from the Jackson-Vanik. Many believe that in order to fully reset the bilateral relationship, Jackson-Vanik must be abandoned for more relevant and effective mechanisms to attain human rights progress, such as the improvement of civil society and quality of life through the advancement of Russian political, economic and social institutions to higher international standards.

## Conclusion

The US-Russia bilateral business and economic relationship is more than merely imports and exports. The brokering of trade relations is key in general to US-Russian cooperation. The following are recommendations to continue building a healthy bilateral agreement for the future:

- **Encourage US government and non-government trade organizations such as the Trade Development Agency, the Overseas Private Investment Corporation and the US Chamber of Commerce to promote Foreign Direct Investment (FDI) in Russia.** FDI will create jobs in the US and development, infrastructure and competition in Russia. Focusing on small and medium firms will also facilitate person-to-person contact, which will reduce anti-American sentiment and negative stereotypes of the other.
- **Retire Russia from the Jackson-Vanik Amendment before Russia is granted WTO membership.** Transfers of information & technology, research & development and ethical business practices as a result of FDI and increased trade will promote as much freedom, democracy and empowerment of human rights for Russian citizens much as Jackson-Vanik did for the thousands of refugees it saved from Soviet repression in the Cold War. Trade should no longer be used as a weapon held against Russia for bad behavior, but a forum of mutual understanding and benefit. Freeing Russia from the Jackson-Vanik Amendment will hardly change policy in actuality, yet it will send a message that the US is ready to commit to pressing the "reset" button and moving on from Cold War ideological disputes.

- **Integrate Russia into the global community by supporting its entry into international organizations such as the WTO and the Organization for Economic Co-Operation and Development (OECD).** As soon as Russia becomes a member of international institutions such as the WTO and OECD, the sooner it will be held accountable to international standards of trade and business practices, as well as human rights and foreign policy. Incorporating Russia into the global community will reinforce the message that the US no longer seeks to exclude or disregard Russia as an insignificant actor in the future of global politics and economics

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## **Introduction**

Intellectual property rights in Russia have been a growing problem over the last few decades that have seriously affected the ability of Russian society to flourish. The lack of enforcement over protection of trademarks and other brand-name items has opened the market to pirated and counterfeited products. Due to the lack of governance over the issue, and soft criminal punishment, the intellectual property issue has cost the United States and Russia billions of dollars annually, not to mention the revenue lost in what would be gained through taxes, duties, and investment through the purchase of legitimate goods.

Intellectual property rights violations are also one of the main barriers preventing Russia from joining the World Trade Organization (WTO), whose membership has been highly desired by the Federation for more than a decade. Through reform, improved legislation and a higher level of enforcement, the Russian Federation can overcome these issues and push towards a better standing on the world stage.

## **Violations of Intellectual Property Laws and Conventions**

The Russian Federation's counterfeiting and trademark violations are among the largest issues concerning intellectual property rights. In 2005 Russia was considered to be the country with having the most serious copyright problems in the entire world. The International Intellectual Property Alliance (IIPA), formed in 1984, is a private sector coalition of trade associations that represent U.S. copyright-based industries. The IIPA

works with the United States and individual countries to help spread awareness, as well as to analyze copyright laws and enforcement to seek improvements. Protections of legitimate products from piracy and counterfeiting encourages local investment, innovation and employment, which will help Russia's economy reach its full economic and social potential.<sup>1</sup>

One of the IIPA's special classification methods includes a board of reviewers that assesses countries as to whether each individual country does not exercise the proper methods of protection against piracy and counterfeiting. The Special 301 Review is submitted to the Office of U.S. Trade Representatives (USTR), and it points out deficiencies in the nation in question's laws and governance. as well as recommendations for actions to be taken.

The Special 301 Review is a priority watch list for those countries that have the highest risk, and after an investigation regarding the concerns, can have trade sanctions levied against them.<sup>2</sup> Other countries that do not have such substantial risks are placed on the "priority watch list" or the "watch list" which do not result in trade sanctions. The Russian Federation has been placed on the Special 301 Review list for at least the last ten years, and has yet to make significant improvements on these issues.<sup>3</sup>

The counterfeit of trademarked items in the Russian Federation has become a large area of concern, due to the controversy over whether certain items are "well known." Several brand name products have been duplicated with subtle differences, many of which have led to lawsuits initiated by the trademarked brand. Due to high levels of counterfeiting of popular items, the Russian Federation has worked to officially identify well-known trademarks.

The Rospatent Supreme Patent Chamber was established in 1998 as a regulatory agency empowered to recognize famous and well-known trademarks. The Chamber created a list of criteria used to distinguish “well knownness” among brand names. First of all, the trademark must be recognized extensively due to broad promotion of the trademark worldwide. Secondly, there must be a large international market presence of the trademark, and it must be registered in several countries. Thirdly, over sixty percent of the consumers surveyed must recognize the trademark for it to be considered well known. The rules and recognition of trademarks as “well known” established by the Russian Federation play a major role in trademark disputes. But since the creation of the Chamber in 1998, only two trademarks have made it onto the list of well known trademarks.

One example of a trademark dispute was in 1992 over the Smirnoff versus Smirnov vodka brands in Russia. The dispute started when Boris Smirnov attempted to ban the importation of Smirnoff Vodka into Russia, despite the fact that Heublein Inc. has the exclusive rights to the brand name in over 147 countries. The issue of whether Smirnoff is a well known brand was an important factor in solving the dispute.

Heublein argued that Smirnoff is well known throughout the world and that the Paris Convention on the Preservation of Industrial Property regulates its usage, rather than Russian trademark laws. In 1996, the Russian courts ruled against Heublein, and the Russian Customs Committee banned the importation of Smirnoff Vodka into the country. However, critics of the Russian judiciary claim that the regional courts committed errors in procedures and substantive law in the case. The lack of knowledge regarding intellectual property rights law has made it difficult for the courts to come to a fair

conclusion. It leads the judges to make decisions too quickly, and disregard valid evidence.<sup>4</sup>

According to the 2010 Special 301 Report by the IIPA, pay-per-download services on the internet are among the largest concerns of record companies in the United States. The website [allofmp3.com](http://allofmp3.com) and its illegal distribution of music has been at the center of controversy over the last decade.<sup>5</sup> The website was founded in 2000 by Ivan Fedorov, owner of Media Services in Moscow. The website was licensed in Russia by the Russian Organization for Multimedia and Digital Systems, which is a license typically given to radio stations.

Under this license agreement, the website was authorized for the legal distribution of all music from all artists and all labels throughout Russia. However, in June 2006, several music labels from the United States, such as Sony, Universal Music Group, and Warner Music Group filed lawsuits against the [allofmp3.com](http://allofmp3.com) claiming that they did not have the rights to distribute their music. The *New York Times* reported that,

“Allofmp3 offers a vast catalogue of music that includes artists who have not permitted their work to be sold online. Sold by the megabyte, instead of by the song, the album of 10 songs or so on [allofmp3](http://allofmp3.com) can cost the equivalent of less than 1\$, compared with 99 cents per song in iTunes.”

The owner of the website argues that he is authorized to sell the music according to Russian law, as he is licensed to do so. However, failure on behalf of the Russian Federation to recognize that the international laws are higher than their national laws has prevented any them from placing any pressure on such websites to halt operations. The *New York Times* also reported,

“These collecting agencies are thieves and frauds because they accept money while pretending to represent artists. The result is that numerous organizations in Russia receive royalties for the use of foreign artistic work, but never pass on that money to the artists or music companies.”

Following a major lawsuit against allofmp3.com from the American label companies, combined with pressure on the Russian government, the site has since been shut down. However, many other sites have started to function in the place of allofmp3, despite the fact that the Russian Civil Code Amendment declared that these sites are illegal<sup>6</sup>. It was stated in the Special 301 Report that Russia’s lack of regard for the operation of such sites has proven to be one of the main issues blocking their accession to the WTO.

### **Some Hopeful Signs of Change**

Business software piracy has also been a problem, but contrary to other issues within the industry, there has been a nineteen percent decrease in counterfeited products over the past four years. This success is due in large part to two improvements in the Russian Federation legal structure. First, the commercial success of selling foreign made products in Russia has had positive effects. The 2008 decision by the Russian Ministry of Education to legalize software in Russian schools has added to the significant decrease in pirated software. The Russian government has begun to fund purchases of these discs as well as to distribute licensed copies of Russian and non-Russian software products.

The second improvement is the effectiveness of criminal enforcement by the Russian Federation. The penalties for offenses of piracy or counterfeit products have

been raised, and therefore a stronger deterrent has been established. In a recent report done by the IIPA, President Obama is cited as commenting that, “insufficient protection for intellectual property rights is a priority at the highest levels of foreign policy. It promotes technological advancements, increases exports, opens markets, and results in more jobs.” The continuation of the Russian Federation to put pressure on those violating the terms of intellectual property rights agreements will help to further decrease the number of offenders in the country.<sup>7</sup>

### **Problems in Enforcing Intellectual Property Rights**

The inefficiencies in the Russian Federation have made it hard to crack down on offenders of piracy. There have been several significant raids and seizures carried out by Russian police over the last year, but the number of convictions for 2010 are not higher than those in 2007. Police have been focusing on street vendors and other companies involved in the installation and use of pirated software, and have been fairly successful in prosecuting violators. However, with 3,800 convictions in 2009 and over 4,000 in 2007, the United States is concerned that the efforts of the Russian Police have decreased.<sup>8</sup> It is possible that the priority level of prosecuting these offenders has been taken over by other law enforcement issues.

Another issue that could have possibly led to the decrease in prosecutions over the years is the amount of piracy that has moved to the Internet. Police and prosecutors are having trouble implementing the criminal law threshold to the Internet crimes; therefore the result is less convictions. Additionally, the long process in the Russian courts has delayed the prosecution of hundreds, or even thousands, of violators. This is the result of

the fact that the Russian Federation depends on their own specialists to investigate cases of counterfeiting and piracy. If the Russians could increase the number of specialists, as well as to offer adequate training, many cases could be closed faster and therefore lead to more convictions.<sup>9</sup>

Another enforcement challenge is the issue of optical disc production. Optical discs include the production of CD's, DVD's and videogames. In 2005, optical disc piracy was the main intellectual property issue in Russia, as the level of piracy for these discs was the highest of any country in the world. Recommendations were made by the IIPA suggesting that Russia take action on this problem, as production was increasing, and costing billions of dollars to both the United States and Russia annually.

Of the 34 known production plants of optical discs, it was suspected that 24 of them were involved in the illegal production and solicitation of optical discs. As a result, investigators were instructed to conduct inspections of these plants on a regular, unannounced, and continuous basis, as well as to immediately close and seize illegal property upon finding such items. Five years later in the 2010 report, the issue of optical disc production still remains an issue, but its priority for Russian investigators has decreased due to a lower number of violators.<sup>10</sup>

### **The Need for Legal and Enforcement Challenges**

Although efforts on behalf of the Russian Federation have led to a slight improvement of the issues regarding intellectual property rights, there are some areas where major changes can be made. First of all, it seems as if the issue of intellectual property rights is among the top reasons blocking Russia's accession into the WTO.

Therefore, enforcement of property rights should be made a priority among Russia's top political leadership. An anti-corruption program would be helpful, as the corruption within the Medvedev administration will cripple the advancements made on stopping piracy and the counterfeiting of trademarked brands.

Adequate funding and the allocation of other resources necessary will also play an important role in restraining intellectual property rights violations. Enforcement agencies and authorities need to be given the proper support of the Russian Government, as well as training and education on how to successfully prosecute criminals on these offenses. Also, as mentioned above, a special division of investigators specially designated to tackle these issues would be very useful for time management purposes. Customs officers will also need training on how to successfully filter the importation of pirated or counterfeit products. This will help lessen the problem with illegal items being sold in the Russian Federation.

One of the most important aspects of intellectual property rights is consumer education. Consumers need to be educated on the consequences of their choices to purchase pirated and counterfeit goods. First of all, these violations of rights raise the prices of consumer goods and make the economy weaker. Fewer and fewer individuals will choose to be innovative and therefore there will be a smaller variety of items for sale on the market. In terms of safety, consumers should be educated on the dangers of counterfeit goods. The pharmaceutical industry is full of falsified medications, that purchased by consumers can cause serious harm to health or even result in death.

Civil penalties are another determining factor on whether the intellectual property rights violations will decline in Russia. Currently, very few violators are prosecuted, and

the few cases that make it to court are not given harsh enough punishments to successfully deter them from further violations. Due to this lack of regard for punishment, there are several repeat offenders who continue to produce counterfeit and pirated items that sell on the market. With harsher criminal punishments by the Russian Federation, at least some violations might soon cease to exist.

Intellectual property rights in the Russian Federation are a major issue, as they continue to top the list of “priority watch countries.” These issues have not substantially subsided, despite the efforts put forward by Russian enforcement agencies. While there has been a large decline on certain areas of piracy and counterfeit goods, it is not significant enough to consider the Russian Federation worthy of WTO accession. The tactics of their enforcement agencies have proven to be successful in some regards, but more resources and funds will need to be dedicated to help curb the high volume of violations in Russia.

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