



## U.S.-Russian Relations Today

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It's good to be in Washington--without the "DC" behind it--though it's been a long day. My day started in the "other" Washington at 1:30 AM your time!

Let me congratulate the University of Washington's Ellison Center for Russian, Eastern European, and Central Asian Studies for convening this very timely conference, "Russia and Its Neighbors in an Era of Globalization." It is an honor for me to address this gathering here at the University of Washington. I want especially to welcome to the United States the Russell Fellows assembled at this gathering. It is significant that we have so many scholars from Russia here today. The state of U.S.-Russian relations can only benefit from the regular, open, and frank exchange of views between our peoples.

The theme of this conference, "Russia and Its Neighbors in an Era of Globalization," goes to the heart of one of the most challenging issues facing the relationship between the United States and Russia today. In my remarks this evening, I will cover the issue of Russia and its neighbors as it fits into the overall relationship between our two countries.

I shall not be revealing a state secret in saying that, in terms of a strategic partnership with Russia, we have fallen short. The promise from the summer of 2001 and the post-9/11 period has regrettably not been realized. Instead, from the start of President Bush's first term in 2001, the United States has sought a cooperative relationship with Russia to manage jointly the global issues affecting us all--not just counter-terrorism and non-proliferation, where our interests so closely coincide--but also the other great transnational issues such as international crime, trafficking in women and children, energy security, health, counter-narcotics, and even space exploration. In addition, we must strive to work with Russia to resolve the most serious challenges to peace--in North Korea, in Iran, and in other regions--and we must do this through various institutions, such as the 3 + 3 Grouping dealing with Iran, the Six Party Talks on North Korea, the NATO-Russia Council, the OSCE, the G8, and the United Nations. Now, beyond our common interests, it is natural that we have issues on which we do not see eye-to-eye. I have in mind in particular our concerns about domestic trends in Russia, as well as Russia's policies towards countries along its borders.

Over the years, there has been a tendency to take a "pendulum approach" to viewing relations with Russia: there is either ecstasy or terrible disappointment. We liked the 1990s, but Russia didn't. Russia likes this decade, but we are concerned. We need to adopt a more long-term view of our national interests with Russia. We need to conceptualize how we can produce a stronger partnership with Russia as it transitions to a full-fledged democracy with a market-based economy. Such an approach, I suggest, would overcome some of the oscillations that have characterized our relations over the past several years.

### Areas of Cooperation

Let me start with the major areas of cooperation, in particular, counterterrorism and non-proliferation. Our cooperation with Russia on counterterrorism is particularly strong. Terrorism is a global phenomenon that requires a global response, and the United States and Russia are committed to working together to overcome this problem which threatens the whole of humanity. A month ago, U.S. and Russian experts met in Washington for the fifteenth session in six years of the U.S.-Russia Counterterrorism Working Group. The Counterterrorism Working Group, or "CTWG," has overseen cooperation between our countries on such pressing global issues as Afghanistan, counter-narcotics, United Nations issues, terrorist financing, intelligence, law enforcement, Man Portable Air Defense Systems or "MANPADS," and transportation security.

Nonproliferation is another example of the vital cooperation between our two countries. For over a decade, U.S. and Russian officials have worked side by side to reduce and better secure stocks of fissionable materials and to reduce the risks of diversion. Over 250 metric tons of highly enriched uranium, the equivalent of 10,000 nuclear warheads, have been blended down in what's known as the "Megatons to Megawatts" Program, providing fuel for nuclear power plants. More than 58,000 Russian scientists, engineers, and technicians have participated in programs sponsored by the International Science and Technology Center and over 17,000 scientists previously involved in weapons of mass destruction are now involved in on-going, U.S.-funded research.

The Cooperative Threat Reduction Program, "CTR" but also known as the "Nunn-Lugar Program" in tribute to the two U.S. Senators who proposed it, was renewed this past June for seven more years. CTR continues to dismantle the weapons of mass destruction of the former Soviet Union, along with their infrastructure and means of delivery. In addition, CTR consolidates and secures WMD and related technology and materials, increases transparency, and encourages higher standards of conduct. These efforts involve assistance in eliminating ICBMs and SLBMs (Submarine-Launched Ballistic Missiles), destroying chemical weapons stockpiles, and dismantling nuclear submarines. As noted above, our programs also redirect the professional expertise of tens of thousands of scientists by engaging them in cooperative research through the International Science and Technology Center. At July's St. Petersburg G8 Summit, our Presidents announced a "Global Initiative to Combat Nuclear Terrorism," which is an effort to suppress trafficking in nuclear material and to prevent it from falling into the hands of terrorists. In addition, our initiation of negotiation of an Agreement on Peaceful Uses of Nuclear Energy (known as a "123" Agreement) was also announced in St. Petersburg; such an agreement can expand and enhance mutually beneficial cooperation in the field of nuclear energy on a stable and reliable basis. In these critical areas, U.S.-Russian cooperation is robust.

### Iran

The United States and Russia are jointly engaged in seeking to curb the Iranian regime's dangerous nuclear ambitions. We look to Russia, Europe, and other partners to help us prevent Iran from developing a nuclear weapons capability. We strongly welcomed President Putin's proposal earlier this year to keep all sensitive aspects of the fuel cycle out of Iran by enriching uranium in Russia and to focus exclusively on civilian power. We are faced, unfortunately, with continued Iranian intransigence, but our joint goals remain clear: we do not want an Iran capable of developing weapons-grade nuclear material. We both believe that Iran must meet the standards set by the international community. The President and Secretary Rice speak to their Russian counterparts regularly in pursuit of these goals: just last Friday, Secretary Rice met her counterparts in the P5 + 1, where they decided that Iran had not met the basic criteria to our offer to negotiate. We agreed to move the issue to the United Nations this week to produce a Chapter VII sanctions resolution. The issue now is not whether we should sanction Iran, but instead which sanctions are appropriate at this time.

### North Korea

The U.S. also coordinates closely with Russia on North Korea. This is a test case for international cooperation on non-proliferation issues. Moscow doesn't have the same influence over North Korea as it did during the Soviet period, when it provided significant assistance to Pyongyang. Nonetheless, as a member of the P5 and Six-Party Talks as well as a neighbor of North Korea, Russia has a critical role to play to ensure a forceful response to the North's provocative nuclear test, getting the North to denuclearize, and preventing it from exporting WMD and missile technologies to other countries or terrorist groups. We are pleased that Russia issued a strong statement demanding that the North return to the Non-Proliferation Treaty and the Six-Party Talks. We are now counting on Russian support to pass a UN Security Council resolution calling for sanctions against North Korea.

## Economics

Let me turn to another rather positive issue: Russia's vibrant economy. Russia has the world's largest gas and second largest oil reserves, a growing stabilization fund, a booming stock market and, depending on the stock market, the third or fourth largest company in the world by market value in Gazprom. American companies investing in Russia are doing better than ever. Russia is a land rich in opportunity and potential, indeed, a good and profitable place in which to do business. Doing business in Russia is, however, not always easy. It can be a land of surprises, such as the surprise decision announced on Monday concerning the Shtokman gas field.

Foreign investment is crucial to bolstering the development in Russia of a true, property-owning middle class that can form the backbone for a democratic, prosperous country. Development of such a middle class--and one is already forming in Russia--that is socially and politically conscious and active is critical to Russia's future.

Russia's integration into the global economy system remains a priority for the United States. In this connection, we strongly support Russia's bid to join the World Trade Organization and are committed to completing--we hope in the near future--a commercially fair, mutually beneficial bilateral agreement that addresses key concerns and interests on both sides.

## Energy

Let me turn to an issue in our relationship that has both positive and negative elements: energy. The United States and Russia have much work to do to follow up on the commitments made at the July St. Petersburg G8 Summit, including commitments on energy security. Russia plays a vital role as a major oil and gas producer and exporter. At the July Summit, President Putin and other G8 leaders agreed that the development of transparent, efficient, and competitive energy markets is the best way to achieve energy security. These commitments provide an important framework for energy supplier and consumer countries. We look forward to continuing dialogue with Russia as it works with its neighbors and partners to play the role of a reliable global energy supplier, with good intentions, and hope that it will avoid using energy as a political tool.

In addition, we hope that the Shtokman announcement, which I mentioned a moment ago, does not reflect a growing ambivalence towards foreign investment, especially in the energy sector, where multinational companies can lend significant expertise. Many U.S. oil and energy service companies are operating successfully in Russia and anticipate their continued success in this key emerging market. For example, ExxonMobil is working well with its consortium partners on the Sakhalin-I project. ConocoPhillips and Lukoil also have a successful partnership. Similarly, the Caspian Pipeline Consortium partners are working towards expansion of the pipeline. We hope all partners--including the Russian government--will soon agree to this arrangement.

We hope that Russia will clarify rules for foreign companies to operate in its energy sector and to treat companies, regardless of their nationality, fairly and transparently, thus better ensuring that Russia becomes fully integrated into global energy markets. We are following developments on the Production Sharing Agreements with great interest. Companies do not like it when rules or contracts get changed; they do not need to be guaranteed profits, but they do seek places to invest that do not constantly move the goalposts.

## Problem Areas

With the issue of energy, let me segue into areas where we face a growing number of challenges. The key is to manage these challenges constructively, to dispel misunderstandings, and to find ways to iron out our differences to the extent possible.

## Democracy Concerns

Let me start with our concerns about Russia's domestic trends. The murder of journalist Anna Politkovskaya this past Saturday shocked and saddened both Americans and Russians alike. She was a rare breed, devoted to bringing to light human rights abuses and problems in her beloved country, Russia. She was also a dual citizen of Russia and the United States. Anna is the thirteenth journalist to have been killed in contract-style murders in Russia in the past six years. No one has been brought to justice in any of these cases, including the July 2004 murder of American citizen Paul Klebnikov. Needless to say, these murders have had a chilling effect on journalistic freedom in Russia. It is time for the Russian authorities to move forward promptly with thorough investigations and arrests of all those responsible in each of these cases. As Ambassador Burns said in remarks at Ms. Politkovskaya's funeral on Tuesday: "For the sake of Russia, I hope that Anna's tragic death will inspire respect for freedom of expression and the rule of law. For the sake of Russia, I hope that Anna's death will remind people of the importance of telling the truth, and seeking justice. For the sake of Russia, I hope that her death will not be in vain."

Freedom of the press is the great cornerstone of democracy. In Russia, the rollback of press freedom is cause for real concern. The elimination of independent nationwide television and the takeover by Kremlin-friendly oligarchs of major newspapers deprive Russians of independent, diverse sources of information. As Secretary Rice said recently in an interview with ABC News: ". . . when we talk to the Russian Government about the need for a free press, it isn't because anybody wants to see Russia weaker. It's because it's our firm belief that a free press would actually make Russia stronger."

Of course, the Russia of today is a far cry from the Soviet Union. But in pointing to trends that concern us, we do so not to draw parallels between recent development in Russia and those from the Soviet past. Instead, we want to encourage Russia to become a thriving, prosperous and democratic member of the international community. When we see Russia taking unfortunate detours from that path, as could be the case with the looming deadline for re-registration of foreign NGOs or redefinition of the law on extremism, we have an obligation--as a friend--to speak up, highlighting the values common to all democracies, such as the rule of law, respect for human rights, freedom of speech and of the press, and strong, independent institutions.

## Russia and Its Neighbors

Now, to the theme of your conference. Unfortunately, while many aspects of globalization are alive and well in Moscow, the idea that both the U.S. and Russia can have good, strong, productive relationships with the states bordering Russia has not yet caught on. Zero-sum thinking is alive and well in Russia. The United States seeks good relations with Russia. The United States also seeks good relations with Russia's neighbors. We do not see these goals as mutually exclusive: we want good relations with Russia and we want good relations with Russia's neighbors. We also want good relations between Russia and its neighbors. Cooperation, not competition, is our goal. We view Russia and its neighbors as free and sovereign states, capable of choosing their own courses in the modern world. That is the way we treat them. That is the way our friends and allies in Europe and elsewhere treat them. That is the way we hope they will treat each other. We do not view our relations with, say, Ukraine, through a Russian prism, nor should we, just as we should not view our relations with Russia through any other prism.

Does Russia have interests in the countries which neighbor it? Of course it does. The historical, cultural, social, economic, personal, and even linguistic ties that join Russia and its neighbors stretch back, in many cases, over many centuries. The United States does not dispute those facts, nor does it seek to weaken such ties.

The United States does not, however, believe that Russia's ties with its neighbors are its exclusive preserve. Russia's long ties with its neighbors may forge many affinities, but they do not create monopolies. But the United States also has interests with Russia's neighbors.

Take, for example, the countries of Central Asia. The United States supports the development of fully sovereign, democratic, and prosperous nations in Central Asia, states well integrated into the world economy. Central Asia is a landlocked region, far from major maritime trading routes. It was, however, once a crossroads of global trade, and it can be again. In a global era, where threats like terrorism and opportunities like energy security have global impact, reconnecting ancient ties gives Central Asians more options. Central Asian governments can and should have productive relations with Moscow. We need Russia's help to support Afghanistan's stability and

reconstruction. This includes stopping the cancerous drug trade from Afghanistan through Central Asia to Russia and on to other parts of Europe. These are areas where the United States, Central Asia, and Russia all have clear, common interests and should be working together.

The quest for regional stability is not, however, limited to Afghanistan. The United States continues to view with concern the unresolved separatist conflicts in Nagorno-Karabakh, Transnistria, South Ossetia, and Abkhazia. These conflicts, as history has shown, can lead to violence at any time. Recent tensions between Russia and Georgia, for example, show clearly the potential these conflicts have for kindling unwanted regional confrontation. In this regard, we have watched the situation between Georgia and Russia over the past two weeks with great concern. We believe both countries need to deescalate tensions. Could Georgia have handled the arrest of the four Russians in a better way two weeks ago? Of course. But we regret Russia's decision to take steps against Georgia such as closing transportation links and postal service and imposing restrictions on foreign remittances. Russia is a major player on the international scene and deserves to be taken seriously, but it is hard to square that with how Russia has handled this situation. The rather appalling treatment of Georgians inside Russia over the last ten days is certainly not the way.

The U.S. has been actively engaged in the effort to try to resolve the separatist conflicts. On Nagorno-Karabakh, we and Russia, together with France, have worked well together in identifying the core principles for a just and lasting resolution of the conflict, and talks continue. On the Transnistrian conflict in Moldova, the United States and the EU are now observers in the "5 + 2 Talks." I can offer my personal assessments, since I represent the United States at those talks, and I am heading to Odessa next week for another round. I hope that when those talks convene next week, representatives of the Transnistrian side will participate. Tiraspol's boycott of those talks since February, as well as Russian support for Transnistrian intransigence, continue to stymie progress on this conflict.

The United States also remains deeply engaged in seeking peaceful settlements to the conflicts in South Ossetia and Abkhazia. On Abkhazia, we continue working within the "Friends of Georgia"--including Russia--towards a peaceful settlement that defines Abkhazia's status within Georgia. On South Ossetia, Georgia has developed a plan for resolving the conflict through confidence building measures and economic cooperation leading to negotiations on South Ossetia's status within Georgia. While Georgia tries, with our very strong urging, to resolve the conflicts peacefully, evidence suggests unfortunately that Russia is increasing its political, economic, and military support for separatist regimes.

Our efforts are guided by three principles: respect for sovereignty, respect for territorial integrity, and respect for minority rights. Respect for the sovereignty of all states that emerged from the breakup of the USSR implies respect for their territorial integrity within their internationally recognized borders. Just as we never recognized the independent aspirations of Chechen separatists in the 1990s and never questioned Russia's territorial integrity, the United States cannot now support the dismemberment of Georgia or Moldova.

The United States remains deeply concerned by the widespread abuses that characterized last March's presidential "elections" in Belarus and the subsequent harassment of independent media and NGOs in that country. In opposing the repression of the Lukashenka regime, we simply say: the Belarusian people deserve better. They deserve the right to express themselves freely, without intimidation. They deserve to enjoy the rights to which Belarus, as an OSCE member, has committed itself.

In Russia's other Western neighbor, Ukraine, the situation is quite different. Following the "Orange Revolution," the country's fragile democracy is strengthening, albeit with some ups and downs along the way. The United States is pleased that, as a result of the March parliamentary elections, the freest and fairest in the country's history, Ukraine finally has a government. All Ukrainian political figures deserve credit for following a constitutional, democratic, and peaceful path towards forming a government, a process that led to the selection of a prime minister whose party happened to win the most votes in March's parliamentary election. As we said throughout the long process of designating a Prime Minister, Washington is ready to work with any government chosen by the Ukrainian people in free and fair elections. Viktor Yanukovich, whom I've met many times, most recently last week in Kiev, is interested in strong, friendly ties with Russia. We support that. He also wants good, close ties with the West, which we obviously welcome. Such ties need not come at Russia's expense.

There are those who nurse fantasies about the United States as author of "color revolutions," supposedly aimed at circumscribing Russia's influence, particularly among its neighbors. Nothing could be further from the truth. We want Russia to have good relations with its neighbors. We do not seek revolutions. We do not want instability. We do, however, seek to promote political and economic reform, and warn against confusing "stability" with "stagnation." Those who neglect the task of reform do not buy stability. They sow the seeds of extremism and radicalism that we all profess to oppose. That is why, for example, the United States protests against the increased crackdown on civil society in Uzbekistan. Reform can be delayed, but it cannot be denied.

We believe that the process of transition can be slow, but it needs to be kept on track, cultivated through free and fair elections, through media freedom, through respect for human rights and through socio-economic improvement. We want to see emerging and established democracies work together to foster the rule of law and to uproot corruption, to encourage individual initiative and a dynamic civil society. We can and should be doing more together to promote stability, security, reform, and democracy in the region and throughout the world, not propping up dictators--say, for example, in Minsk--whose very existence threatens our interests.

Just as we have common interests in the areas of counter-terrorism and non-proliferation, we actually have many common interests when it comes to the states that border Russia. Some of these states also border the European Union. They are not to be consigned to spheres of influence, nor become pawns on a chessboard. The days of the Great Game are long over. The days of working together are here and represent the future.

Let me close by wishing you well in your deliberations. As you ponder the challenges facing Russia and its neighbors in an era of globalization, consider that the global village itself presupposes cooperation based on freedom. This is true for the states on Russia's borders, for Russia itself, and for all their friends--including the United States. Thank you.

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