

Ambassador Steven Pifer

Director of the Brookings Arms Control Initiative and
Former U.S. Ambassador to Ukraine

“The United States and Russia: Two Years After the Reset”

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Notes on talk March 8, 2011, Ambassador Marilyn McAfee

Ambassador Pifer sees “Reset” with Russia at the two year mark as the major foreign policy achievement of the Obama Administration. It was a priority goal for the President in view of the 2003-2005 “drifting relationship” with Russia and the realization over events in Georgia in 2008 that it had become a dangerously “thin relationship” leaving the United States with nothing to leverage. We had nothing to get their attention when Russian troops entered Georgia and we had nothing to get Russia’s attention and support where it was needed in Afghanistan and Iran.

What’s Working? What’s Better?

Progress on Arms Control and Missile Defense:

The New Start Treaty on arms control was accomplished in a record 6 months time. It reduces nuclear weapons and not just warheads on both sides and increases transparency on the second most difficult agenda item missile defense. Russia was especially unnerved about the missile defense system installed in Poland which they insisted surely must be aimed at them and not at Iran. Based on information that Iran was making progress on short range missiles and not long range, the Administration was willing to negotiate. Russia emphatically wants no military hardware aimed at Russia in Poland. There is some new talk now about a NATO/Russia missile defense system.

Support on Afghanistan: NATO supplies to forces in Afghanistan can now move through Russia easing the total dependence on Pakistan. The Russians don’t want the Taliban back. They don’t want to see NATO fail – or succeed in Afghanistan.

Tougher line on Iran: Russian President Medvedev, fed up with deceptions, has taken on a sharper tone with Iran. Washington pushed them for a stronger position and Russia signed on to a UN arms embargo for Iran despite Iran’s being a major customer.

The Economic Relationship: This is not very developed between the U.S. and Russia. Russia is barely past the top 30 in the U.S. export market. Russia still has a heavy (20%) gas and oil dependency making it very vulnerable to fluctuating prices. Its expansion of trade will depend on Russia's ability to attract foreign investment and venture capital which requires changes to tax rules, customs, the court system and enforcement of rule of law. An estimated 15% of GDP annually is lost to corruption. Russia wants to establish its own Silicon Valley, but the environment is not right. The Russians are smart people, but it won't work. There are 10,000-20,000 Russian émigrés working in Silicon Valley who won't think about returning.

What Could Derail? Divergent Interests and Priorities

U.S. and Russian interests could diverge over Iran's acquisition of nuclear weapons. For the U.S. it is a nightmare scenario, but it is not seen with the same urgency and priority by the Russians. For them it can be managed, much as we deemed we could manage Pakistan's acquisition of nuclear weapons.

We could also diverge over democracy issues. While we oppose secession moves by Czechian terrorist groups, the U.S. is committed to a value system and cannot ignore human rights violations. Russia has moved backward on democracy issues.

Russia wants a sphere of comfort with its neighbors and opposes any NATO enlargement. The Ukraine and Georgia have both pulled back from NATO accession which has eased tensions. Russia is not trying to influence the tumultuous situation in the Middle East. In the near term it increases Europe's energy demand. But Russia is very uncomfortable with the overthrow of governments in the Middle East and North Africa. Will the contagion spread?

The unknown: Russia often surprises.

On future arms control agreements: any new agreement would not take 6 months but 6 years to develop. Moscow sees nuclear weapons as essential to superpower status and as a balance to the NATO advantage in conventional arms. Russia may push for missile defense limits. Key U.S. senators in this last round have made it clear that they will accept none.

Where is Russia headed? There are 2 presidential elections in 2012, the U.S. and Russia. In Russia the new president will probably be decided in a conversation between Putin and Medvedev with Putin indicating whether or not he will return to the presidency (i.e feels comfortable continuing things

as they are and controlling things behind the scenes). Medvedev favors greater democracy, rule of law and a more open economy than does Putin, but either way there won't be any big change in course.

Down the Road

How do you deal with a more assertive Russia? How do you deal with a weak Russia (with nuclear weapons)? The **problem in the Caucasus** with war lords in charge is very ugly and could produce a major breakout. Russia is not dealing with the problem at the grassroots. **The economy** is also a serious grassroots problem. Russia is very oil and gas dependent. What if the future brings a sharp decline in petroleum demand and prices? Does Russia have the institutions to diversify its economy? **Demography** is another problem. The number of Russians of draft eligible age each year is down to 700,000. By 2015 maybe 60% - 65% of the population will be ethnic Russians (who are reproducing at very fast rates). Over half of Russia, including Siberia is very thinly populated. There are 6 million Russians staring across the border at 140 million Chinese. Russia is deeply concerned about the rapid build-up of **China's military power** to the point that it isn't even talked about.

In conclusion "Reset" has worked in getting Russia's support for some issues. We do now have some equity in the relationship. There will be surprises and uncertainties. But we are better off now than we were two and a half years ago.