The New United States-Russian Relationship

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Presidents Bush and Putin have fundamentally redefined the relationship between our two countries over the eight months since their first meeting in Ljubljana in June 2001, overcoming in the process the legacies of Cold War thinking. We now have the basis for managing—if not resolving—our differences on the basis of what President Putin has called the “logic of common interests.”

Many observers have referred to the September 11 terrorist attacks as a turning point in the nature of United States (US)-Russian relations. But I believe that, well before September 11, President Putin had made a strategic choice. He had concluded that Russia’s future economic growth and its political influence in an era of globalization depended to a large extent on closer relations with the West and the United States, rather than the failed, competitive approach of the Cold War. For his part, President Bush was already determined to move beyond the constraints of Cold War thinking and forge a new relationship with Russia based on a genuine partnership and on Russia’s integration into the family of democratic nations. High-level talks on strategic, economic and political relations were well underway before September 11.

The events of September 11 did, however, lend urgency to efforts by both of our countries to build a stronger, more solid partnership. President Putin was the first foreign leader to call President Bush after the attacks and to express his sympathy and solidarity with the United States. And he backed that up with an unprecedented offer of political, military and intelligence support.

The strategic choice by President Putin to join wholeheartedly the anti-terrorist coalition—over the clear objections of many of his closest advisors—had a dramatic effect on American views of Russia. His decision made clear that the United States and other Western democracies could work with Russia on the basis of shared interests and values, and not on the basis of tactical necessity alone.

Our cooperation after September 11 was very important to the success of the campaign in Afghanistan—the destruction of the Taliban and al-Qaeda cells, the establishment of an interim government, and the start of the process of rebuilding that shattered country. But the war on terror is far from over, and our cooperation in Afghanistan is only the start of what must be an anti-terrorist alliance for the long term. We need to bring all our resources together—diplomacy, intelligence, law enforcement and, where necessary, military power—to eliminate the remaining terrorist networks that are planning further attacks on our societies.

Even more urgently, the US and Russia need to bring our positions closer together with respect to those countries that pose a particularly dangerous “double threat”—support for terrorism and attempts to acquire weapons of mass destruction. Military action may be
the option of last resort in dealing with such countries. Closer US-Russian cooperation against proliferation, together with stronger political and economic pressure on these destabilizing regimes, can contain the threat that such countries pose and help reduce the need to contemplate more dramatic steps.

The new post-Cold War US-Russian relationship, however, is based on far more solid ground than just the need to fight the common enemy of international terrorism. When Presidents Bush and Putin met in Washington and Crawford in November 2001, they expressed an enduring interest in defending and extending the common values of democracy, the free market, and the rule of law. This involves a commitment to work together to “protect and advance” among other things: a European-Atlantic community that is whole, free and at peace; economic opportunity; the rule of law; and free speech and independent media. I think the Russian government’s commitment to these objectives is sincere and its accomplishments in advancing them have been encouraging by and large. Let me offer some observations on efforts to “protect and advance” these shared commitments.

The Economic and Business Dimension of the New US-Russian Relationship

When Kim Jong Il made his bizarre railway trip across Russia in the summer of 2001, Russians joked that the North Korean Communist leader was in for a shock because he was making his first visit to a capitalist country. He was. Moscow is booming, with thousands of Western-style shops, supermarkets, and restaurants, and the traffic gridlock to match—“Jakarta with snow” as Tom Friedman puts it. Moreover, the new prosperity is not just for the oligarchs and mafias (or the burgeoning expatriate community); a real middle class is beginning to emerge and entrepreneurship is everywhere.

The state of economic affairs outside of Moscow is not nearly as uplifting, but the package of reform legislation enacted in 2000-2001 has established the prerequisites for a sustained economic recovery. Enormous difficulties remain—unreformed banking and agricultural systems, corruption, a shattered infrastructure, a moribund health care system, and a far from hospitable environment for small and medium enterprises—but the trend is clearly positive. The Russian leadership clearly “gets it” on the economy, and is determined to create a much more favorable business climate.

A sound economic relationship between the United States and Russia can serve as the cornerstone of the new relationship between our countries. We are committed to working with the Russian government and the private sectors of both countries to broaden the range of shared economic interests. At their November Summit, Presidents Bush and Putin pledged to expand economic, trade and investment relations, recognizing that doing so requires the elimination of legislative and administrative barriers to trade and investment, a transparent and predictable investment climate, and market-based economic reforms. Government and the private sector in our two countries must work together to achieve these objectives and are already making good progress in doing so. Recent disputes over trade issues such as US poultry exports to Russia and Russian steel exports to the US have proved challenging, but I am confident that they will soon be seen as no more
than bumps on the road to a much deeper mutually beneficial trade relationship between our nations in the 21st century.

Russian and American businessmen are well aware of the limiting effect of bureaucratic barriers to trade and the lack of transparency in the investment climate. They are working together to develop a set of recommendations for the US and Russian governments to address these and other problems in the framework of a Russian-American Business Dialogue, which was launched by Presidents Bush and Putin at their meeting in Genoa in July 2001. All four participants in this dialogue—the American Chamber of Commerce, the US-Russia Business Council, the Russian-American Business Council, and the Union of Industrialists and Entrepreneurs—are currently developing recommendations and will soon formally present them to the American and Russian governments. The US Embassy is working closely with these business groups and the Russian government in keeping with our commitment to resolve market access issues and eliminate investment barriers.

We have barely tapped the potential for trade and investment between Russia and the United States. Our trade with Russia represents less than one percent of total US trade worldwide. Our seven billion dollars in direct and portfolio investment is on a par with US investment in Costa Rica. This obvious potential for growth underlines the importance of dealing with impediments to trade and investment.

We are taking active steps to promote trade and investment by US firms. Commerce Secretary Don Evans has been to Russia twice, leading a business development mission on his second visit in October. Treasury Secretary Paul O’Neill, Energy Secretary Spencer Abraham and US Trade Representative Robert Zoellick have also met with counterparts several times over the past year to advance our agenda on a range of economic, energy and trade issues. Russian Prime Minister Mikhail Kasyanov, Economics and Trade Minister German Gref, and Finance Minister Aleksey Kudrin have also visited the US to meet with their counterparts. The Export-Import Bank, the Overseas Private Investment Corporation (OPIC), and the Trade and Development Agency of the United States are promoting bilateral trade and investment through project assessment, project finance and risk insurance. OPIC project insurance and finance for Russia totals more than $425 million. The US government is also increasing its funding for programs such as the European Bank for Reconstruction and Development’s Russia Small Business Fund to provide financing for Russian entrepreneurs and to help Russian financial institutions provide such financing.

Another essential ingredient in building confidence in the climate for trade and investment is Russia’s integration into the rules-based global trading system of the World Trade Organization (WTO). We are working with the Russian government to accelerate the country’s WTO accession negotiations. Our negotiators have met on a more than monthly basis since September. We have been clear and consistent with regard to the conditions for WTO accession. Russia will be asked to meet standards that are no less and no more than those asked of other countries. We will not ask for “WTO plus,” but neither will we settle for “WTO lite.” Russia must continue to make progress in deregulation,
increase transparency, create a level playing field for Russian and foreign enterprises, and improve intellectual property rights protection, and offer improved market access for other countries’ firms and products.

WTO accession will help Russian exporting industries and improve the competitiveness of all sectors of the Russian economy. The resulting growth will benefit Russian citizens. It will also benefit the United States. Trade and investment is not a zero sum game. An economically strong Russia is a more stable partner with which the US can cooperate across a wide range of issues.

New Framework for Strategic Relations

Economic cooperation and the fight against terrorism will be the primary focal points of US-Russian relations in the coming period, but not the only priority concern. At their November Summit meeting, President Putin and President Bush pledged to put the Cold War behind us and embark on a new bilateral strategic relationship that provides lasting security and well-being for both of our countries.

One of the most important accomplishments of last November’s Summit was the agreement to reduce dramatically US and Russian strategic nuclear forces. The United States will reduce to a level between 1,700 and 2,200 warheads over the next decade (down from over 7,000 today). President Putin announced that Russia will make comparable reductions (1,500-2,200). This is a truly historic achievement, one that was secured without years of negotiations between giant delegations in Geneva. It is a sign that we are moving beyond Cold War thinking.

We are now working to codify these reductions by the time of President Bush’s visit to Russia in May. This will involve developing a legally binding document that formalizes the two sides’ commitments to the lower levels, with measures for verification and transparency. The result should help assure both nations that the mutual commitment to cut nuclear arsenals will endure beyond the term in office of either President.

*Editor’s Note: According to The New York Times of March 13, 2002, the United States and Russia “made key progress in two days of Pentagon talks on forging a binding agreement for deep joint nuclear arms cuts, Russian Defense Minister Sergei Ivanov said…’I think that some specific results have been achieved,’ Ivanov told reporters at a news conference with Defense Secretary Donald Rumsfeld… ‘The issue of transparency was also clarified,’ Ivanov added…Responding to questions about controversial US plans to store rather than destroy some of its thousands of warheads to be removed from missiles and bombs in the next decade, Ivanov declined to say whether Russia might shelve some of its own…’It is true that for some period of time those warheads (removed from weapons) could be stored or shelved. But the time will inevitably come when those warheads will have to be destroyed,’ he added. ‘The same is true about delivery systems.’”

In an interview on NBC’s Meet the Press program of March 17, 2002, Mr. Ivanov further stated, “…[N]uclear weapons should be eliminated because they simply get outdated and may become dangerous for the owner of those warheads or missiles…[but some] may be stored; I don’t argue with that principle..out of hand, but the devil is in the details, how much, how long and how quickly it might go back to operational and...jeopardize strategic stability.” In response to host Tim Russert’s follow-up question, “But that is negotiable?”, Mr. Ivanov said, “That is negotiable, yes.”
We all know that Russia and the United States have different viewpoints on the issue of missile defense. Although we worked hard for a compromise throughout most of 2001, our efforts fell short. In the end, President Bush decided to withdraw from the Anti-Ballistic Missile (ABM) Treaty because it prevented us from developing and testing limited defenses to deal with the growing threat of ballistic missile proliferation. But I believe that we can devise a new strategic framework to replace the ABM Treaty that is more in keeping with the new relationship between our countries and takes account of the changes in the strategic situation since the ABM Treaty was signed 29 years ago.

The new framework should preserve stability and predictability in our relations, but do so on the basis of transparency and cooperation rather than through the self-denying ordinances of Cold War arms control agreements. Transparency and cooperation will give Russia confidence that our missile defense plans pose no threat to Russian security, and help both of us meet current and future threats together.

Russia and NATO: The New European Security System

Russia’s relations with the North Atlantic Treaty Organization (NATO) must reflect the same “logic of common interests” that President Putin has advocated as the basis for managing US-Russian relations. NATO and Russia have had some success in their first efforts at cooperation over the past decade, especially through joint peacekeeping efforts in the Balkans. However, our cooperation has not fully lived up to the promise embodied in the NATO-Russia Founding Act signed in 1997. We need to take another look at the relationship and get it right this time. We need to devise new mechanisms for cooperation, coordinated action and joint decisions that can integrate Russia more closely in NATO’s work, while respecting NATO’s and Russia’s prerogatives to act alone if necessary.

The idea discussed between Presidents Bush and Putin last November, and endorsed by NATO and Russian Foreign Ministers a month later, is quite simple: to create a new forum in which NATO’s 19 members and Russia work together as a group of 20 equal partners on issues where our shared interests make it sensible to do so. Areas for joint action “at 20” might include counterterrorism, nonproliferation, or responding to future regional conflicts. They might also include concrete projects that build a climate of cooperation and transparency between NATO and Russia—politically and militarily.

We hope that the proposed new mechanism will be operational by the spring of 2002. It will be a qualitative step beyond today’s 19-plus-one format, in which NATO formulates its position before engaging with its Russian partners. The concept now will be to formulate positions on specific issues and projects through early engagement of the 20 nations meeting together.

This NATO-Russia Council “at 20” will represent a fundamental and historic change in NATO’s dealings with Russia—a move toward a more substantial partnership and genuine collaboration. It is not back-door membership nor does it mean a veto for Russia over NATO’s own decisions. A better metaphor would be to view it as an “alliance
with the Alliance”—a joint venture between two independent entities in areas of mutual interest. While working more closely with Russia, NATO and Russia will maintain their prerogative of independent decision and action. It is, however, our hope that—through concrete joint projects, joint discussions, and eventually even joint decisions—NATO and Russia will more and more be able to take responsibility together for dealing with some of the new challenges to security that threaten peace and stability in Europe and beyond.

For this new arrangement to work, changes in attitude will be required on both sides, and not just changes in procedures. In particular, Russia will need to develop a new “culture of cooperation”—the spirit of flexibility, understanding, and compromise that is essential to an organization that works on the basis of consensus among nations with differing security perspectives and priorities. This is the way NATO works, and it is the way that NATO-Russia relations also will need to work. Unfortunately, this culture of cooperation has not always been a hallmark of Russia’s approach to NATO up until now.

The NATO Alliance has never deviated from its fundamental purposes: to live in peace with all peoples and governments; to safeguard the freedom, common heritage and civilization of our people; and to promote the stability and well being of the North Atlantic area. There is no reason why that philosophy cannot be one that guides relations between the West and Russia. That is why we are committed to creating a forum through which NATO allies and Russia can begin to demonstrate that they are like-minded in their principles and like-willed in their desire to contribute to security and stability.

Freedom of the Press and the New US-Russian Relationship

In my view, democratic structures and democratic culture are getting stronger in Russia. The courts are developing as a check on presidential power. The Duma and political parties, though weak in relation to the Kremlin, ensure that a range of interests is represented in the political process. A robust civil society is beginning to take shape from the bottom up after centuries of rule from the top down. Nongovernmental organizations (NGOs) and grassroots activists are gaining confidence and experience.

That said, there are serious specific threats to democracy and human rights—most notably, the way that Federal forces have carried out the campaign in Chechnya. Some Chechen separatists have links to international terrorist organizations, and there is evidence that some foreign terrorists have been active in Chechnya itself. We understand Russia’s legitimate desire to counter a terrorist threat and recognize Russia’s right to defend its territorial integrity. But we are concerned about continuing abuses by Russian Federal forces against the civilian population and the overall lack of accountability for such abuses. These tactics are actually counter-productive, in that they only serve to radicalize the Chechen people and increase support for the insurgency, making it even more difficult to reach a political solution. It is for this reason, as a friend of Russia, that we encourage efforts to end the violence and establish a political process that can lead to a solution to the conflict and greater emphasis on socio-economic development, which will ultimately be crucial to peace and stability throughout the Caucasus region.
While there continues to be a wide diversity of opinions expressed in Russian media—amazingly wide, for those of us who were familiar with the old Soviet press—media freedom is another area of concern. The saga of Russia’s TV-6—the station was recently taken off the air and forced into a competition for its former frequency—is a reminder of how economic and political interests can affect free speech and pose a challenge to the rule of law at a time when the foundations of democracy and civil society remain fragile. The same can be said of the similar struggles being waged by independent media in Russia’s regions, although they attract less publicity. A voice that is always independent of government—and sometimes critical of it—is a good tonic for democracy, hard as that may be for some public figures here to accept.

A free media, respect for human rights and the rule of law are essential for Russia’s political and economic development, to Russia’s integration into the trans-Atlantic community of nations and to placing US-Russian relations on a truly post-Cold War footing based on shared values. Free speech, independent media, economic opportunity and the rule of law—all of these goals reflect the “logic of common interests” that must guide the new US-Russian relationship.

Conclusion

It is important to remember that the new US-Russia relationship is a work in progress, which will evolve step-by-step. We should not expect our differences to disappear overnight. We may not agree in full on next steps in the anti-terrorist campaign. And we still have concerns about issues that depart from the largely positive trends in Russia’s march toward democracy, such as Russia’s military tactics in Chechnya and pressures on the independent news media. The risk we must avoid is losing sight of the forest for the trees by giving greater weight to tactical differences than to the “paradigm shift” that has been achieved by Presidents Bush and Putin.