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**Conference Report:  
German and American  
Policies Toward Russia:  
Transatlantic and Global  
Dimensions**

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## TABLE OF CONTENTS

The Transatlantic Dimension: U.S. Interests and Domestic Context	2
The Global Strategic Dimension	4
Policy Considerations and U.S.-European Cooperation with Russia	7

## THE TRANSATLANTIC DIMENSION: U.S. INTERESTS AND DOMESTIC CONTEXT

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Russia policy is currently being debated in the United States. Disagreements within the Bush administration reflect broader divisions within the larger American policy and academic community about how to approach Russia. Issues such as how to balance concerns about Russia's domestic trajectory against the need to cooperate with Russia on issues such as counter-terrorism and counter-proliferation are at the heart of the new debate.

On 2 May 2007, the American Institute for Contemporary German Studies (AICGS) held a trilateral conference with American, German, and Russian participants that examined German and American policies toward Russia in their transatlantic and global dimensions.

### The Transatlantic Dimension: U.S. Interests and Domestic Context

The overall assessment of the U.S.-Russian relationship was pessimistic, summed up by one participant as "We pretend they are partners and they pretend to cooperate." One speaker faulted the West for pursuing a reactive policy toward Russia that lacks a long-term strategy. In contrast to China, where the U.S. has a vision of how it would like the relationship to evolve, there is no consensus on how the U.S. envisions the relationship with Russia progressing. Despite shared interests—terrorism, counterproliferation, energy—the agenda has not moved forward since it was formulated after the September 11 terrorist attacks. Moreover, the U.S. economic relationship with Russia, in contrast to that with China, remains limited. Thus, no members of Congress would face problems if they criticize Russia too harshly: the stakes are not high enough. The rhetorical antagonism is growing and could spiral out of control.

Part of the reason for the deterioration in U.S.-Russia relations is the growing feeling of disappointment with Russia arising out of exaggerated expectations for a rapid transition to democracy and markets after the collapse of the Soviet Union. There is still no consensus in the U.S. about comparative standards one should use for judging Russia—should one compare Russia to China, to Finland, or to the USSR? There is a general sense that Russia could have done better and should have aligned its interests on questions such as Iran with those of the West. The U.S. tends to see its policies—such as those of missile defense—as benign, whereas Russia's policies are not viewed in those terms. Russia is seen in black and white terms, with little acceptance of shades of grey.

A second speaker highlighted the cyclical nature of the domestic U.S. debate on Russia, with Republicans and Democrats accusing each other of mishandling Russia during every election cycle. In the early 1990s there was bipartisan support for Clinton's Russia policy, with the assumption that internal changes in Russia would lead both to shared interests and to shared values. By 2001, the conventional wisdom that enabled Presidents Bush and Putin to criticize the Clinton administration was that the 1990s was a wasted decade and that September 11 changed everything. Cooperation in the war on terror enabled the Bush administration to avoid commenting

on Russia's domestic backsliding.

Today, however, there are very few defenders of Russia in the United States, and the burden is on the business community to justify its dealings in Russia. There is no Russia caucus in Congress, unlike, say, the India caucus, but there is active lobbying by groups representing 30 million Americans of Baltic and East European descent, most of whom are critical of Russia's policies towards the new NATO members. Most people accept the inevitability of deterioration in relations and also recognize that U.S. leverage over Russia is very limited.

A third speaker, echoing the growing sense of disappointment about Russia, said there were two sources of Congressional dissatisfaction with Russia. The first is internal domestic developments, including the erosion of democracy, the war in Chechnya, the imprisonment of YUKOS CEO Mikhail Khodorkovsky and destruction of his company, poisonings and murders of journalists and others, and the use of energy as a foreign policy tool. The second is security issues, including military sales to Iran, Syria, Venezuela, and other countries criticized by Washington, and Russia's opposition to America's missile defense program. There is also wariness about Russian business attempts to buy into the U.S. market in what are considered to be strategic sectors—for instance Evraz' interest in Oregon Steel.

## THE GLOBAL STRATEGIC DIMENSION

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Russia, Europe, and the United States share common security interests, particularly in addressing the double threat of terrorism and the proliferation of weapons of mass destruction (WMD) and the threat of instability in the broader Middle East. There are additional concerns related to Central Asia, to energy security, and to events in Asia, particularly North Korea and the rise of China as an economic and, potentially, a security competitor. And yet, though it is increasingly clear that an effective response to these pressing challenges will require cooperation on all sides, such cooperation remains difficult at best.

Russia plays a unique role as a Eurasian power, looking east as well as west, and is increasingly focusing on its ties with Asia. One speaker, describing the long and troubled history of Russo-Chinese relations, emphasized that they were better today than at any previous period. The relationship today is driven by four major factors: weapons, energy, a similar world view, and political generations. Indeed, the political generation of the 1990s under Yeltsin and Primakov felt comfortable with each other, where Hu and Putin—members of the generation that came to maturity during the worst years of the Sino-Soviet split—feel less affinity.

Russian-Chinese relations today are characterized by what was termed “institutional thickness”—over forty bilateral agreements signed since 1993, culminating in the 2001 Treaty of Good-Neighborliness, which, although technically not an alliance, looks very much like one. There are biannual summits between the two heads of state and Russia and China work together in the Shanghai Cooperation Organization. Nevertheless, despite this proliferation of bilateral institutional relationships, Russo-Chinese ties are businesslike, but not warm.

Arms sales are a key element of this burgeoning relationship, although ultimately the Chinese would prefer not to have to buy Russian weapons because these

imports represent a failure of their own military-industrial complex. Russia and China have held joint military exercises and Russia has assisted China in its cruise missile and space programs. However, military ties, which remain the heart of the relationship, are not transparent and represent a marriage of convenience rather than a closer alliance. Bilateral trade—\$20 billion in 2006—has grown exponentially. China also exports labor to the depopulated Russian Far East, a subject of some nervousness in Russia, where it is believed that millions of Chinese are illegally working—whereas the real figure is probably about 500,000. Energy is also a major factor in bilateral trade, as China’s energy needs rapidly grow.

Can this relationship last? It serves both countries well at the moment and is not oriented against the West. The speaker asserted that Russo-Chinese relations enhance European security. He also described EU-China relations as the best they had ever been, with an enthusiastic European Commission promoting closer ties. Nevertheless, Brussels has concerns about human rights, property rights, and internal political repression in China. For its part, Beijing has three major agenda items with the EU: it seeks the granting of market status, which Russia already has, it seeks the lifting of the EU arms embargo against China, and it recognizes that the new central European EU members are less friendly

toward China than the older members.

The speaker offered several suggestions for bringing Russia and China more closely into the transatlantic dialogue, including using the United Nations Security Council to promote their participation in peace-keeping operations, greater US-EU cooperation on arms sales and arms embargoes, promoting more consistent nonproliferation policies globally, and including the EU in the Six-Party talks on North Korea.

The focus then turned to Central Asia, where the interests of Russia, China, the EU, and the United States interact on a daily basis, since they are all concerned about combating terrorism and having access to the abundant natural resources that these countries possess. They are also rivals in this volatile region. However, whereas Russia and China support authoritarian measures—such as the violent suppression of the Andijon riots in Uzbekistan in 2005—to deal with terrorist threats, the EU and United States have condemned Uzbekistan and other Central Asian states for political repression. Indeed, there is no consensus on how to define who a terrorist is. Democracy promotion remains a major area of disagreement between the West and Russia and China, with regional leaders looking to Moscow to protect them from the colored revolutions they suspect the EU and U.S. of promoting. Moreover, landlocked Central Asia remains beholden to Russia for pipelines to transport its oil and gas to markets, whereas the EU and U.S. seek to diversify energy transportation routes and build pipelines that bypass Russia.

The U.S. and EU have recently both focused on Kazakhstan as their key partner in Central Asia. President Nazarbayev, who purses a multivector foreign policy, is skilled at playing the major powers off against each other and Kazakhstan is the only country that can begin to compete with Russia in the post-Soviet space. The wild card remains Turkmenistan, whose new leader is largely unknown and whose country possesses vast natural gas reserves.

The war in Afghanistan remains a driver of policies in

Central Asia, and there is potential for cooperation between all the major players in reconstructing Afghanistan. China's goals in Central Asia are less ambitious than those of Russia, and China counts on Russia to counter what is viewed as American hegemony.

### Russian Domestic Politics and German Views of Russia

This panel's first speaker highlighted the complex and contradictory nature of contemporary Russia. On the one hand, Russians today enjoy historically unprecedented personal freedom, including the freedom to travel, and a rising standard of living. However, he disputed official claims that Russia is a democracy. There is no rule of law, no political competition, and no freedom of information. The situation is symbolized by the behavior of the traffic police. The traffic police clear the streets if the political elite wants to travel quickly inside Moscow, and they readily take bribes, but they do not tackle the huge daily traffic jams that make it very difficult for ordinary people to get around the capital. The arrogance of power of the Russian ruling class, he said, is evident. Russia is ruled by the people who own it. The shareholders of Russia, Inc. only care about profit.

The concept of sovereignty has come to play a decisive role in the Putin era, as it has in previous periods of Russian history. The long-serving Soviet Foreign Minister Andrei Gromyko once said that no international problem could be solved without Russia's participation and, more recently, the journalist Vitaly Tretyakov opined that a country can only be great if it possesses energy resources. Vladislav Surkov, the chief Kremlin ideologist, advocates converting energy and economic power into political power, and this is the essence of the current Kremlin worldview. The oil and gas business is essentially political; hence, with the state recapture of the commanding heights of the economy, the country's "energy sovereignty" has been restored. Given this worldview, there is no room for the kind of energy partnership that the EU envisages, nor will Russia ratify the EU energy charter, because that would permit European participation in Russia's energy production and infrastructure.

Russia today has a “soft Soviet system” and there is a new, silent cold war with the West in the shared EU and Russian neighborhood. The struggle between the West and Russia in the post-Soviet space is a struggle between irreconcilable systems. Russia does not take small countries seriously and believes it can bully them. Indeed, it is very difficult to mobilize Russians in a positive way; it is easier to mobilize them against something or someone than for something and someone. Moreover, the Kremlin believes that the United States is stuck in Iraq, that it cannot win and has become weakened.

Turning to the German-Russian relationship, there was agreement that the relationship is complicated and that some Germans take an uncritical view of Russia—Germany is traditionally a Russophile country. Some Germans believe that there are two Russias—the Russia of power and cynicism and the Russia of spirit and religion, with which Germans feel an affinity. Moreover, the negative image of the Bush administration has pushed the negative image of Russia into the background. Add to this a dependence on Russian gas supplies and the German business community’s enthusiasm about the Russian market, and the incentives for a robust German-Russian relationship are considerable. Russia views Germany as its advocate in Europe and seeks to exploit divisions within Europe over policy toward Russia. Chancellor Angela Merkel seeks a constructive partnership with Russia, but her priorities lie in the West, not the East. The most advisable course for Germany, said the speaker, would be a twenty-first century version of peaceful coexistence—cooperate where possible, compete where necessary, but avoid military confrontation. The West should remain the West and retain its values. Russia today is neither a partner nor a friend—it is a challenge.

## POLICY CONSIDERATIONS AND U.S.-GERMAN COOPERATION WITH RUSSIA

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The evolution of relations between Europe and Russia will be critical to the future welfare of Europe and for U.S. interests in the region. A central issue is whether Germany and Europe's interest in the democratic evolution of Russia will conflict with their need to secure energy supplies, or whether both objectives can be advanced simultaneously. Chancellor Angela Merkel signaled she will be taking a more critical stance toward anti-democratic developments in Russia, but her hand may be stayed by pressures from German business interests. The direction of the EU's policy towards Russia is also unclear, particularly given growing concerns over energy security. Differences between "old" and "new" EU members are most evident when it comes to the EU's Russia policy.

The final panel examined the triangular U.S.-German-Russian relationship. One speaker emphasized that Russia is pursuing its own developmental path and that the main headline in Russia is the development of capitalism. Democracy will be the late child of capitalism. The current Russian system can be characterized as authoritarianism with the consent of the governed. The 2008 presidential election will represent a significant milestone in the evolution of post-Soviet Russia.

The EU's proximity to Russia creates a significant role for it and the EU-Russian institutional framework, with its four common spaces, provides a blueprint for Russia's transformation and criteria for measuring Russia's progress. Since Russia has no prospect of joining the EU, the relationship will be built on common interests, especially in the energy field. Europe depends on Russia for energy supplies and Russia depends on Europe for energy revenues, but there is also a political dimension to the energy relationship. Russia casts a long shadow over Europe but it also carries baggage that no other country in Europe does, because of its Soviet past.

A new situation has arisen in the security relations of Russia and Europe. The Kremlin views the proposed deployment of ballistic missile defense systems (BMD) in central Europe as directed against Russia and, if they are deployed, this will change the landscape of arms control agreements in Europe. If the Treaty on Conventional Forces in Europe (CFE) is not ratified within the year, Russia will withdraw from it. Looming behind CFE is the treaty on intermediate-range nuclear forces (INF). Russia will probably use the same rationale for withdrawing from the INF treaty as the United States did for abandoning the Anti-Ballistic-Missile (ABM) treaty. Russia will say it is no longer in its national interest to comply with the INF treaty because it needs these weapons to deal with threats from the south. Given all of these developments, damage limitation will be very important in Russia's relations with the West.

The Kosovo issue will also complicate Russia's relations with Europe. The EU needs to play a leadership role on this issue, because, said the speaker, the United States is not taking that role. The "frozen conflicts" question is also becoming more acute. A Russian-led settlement in Transnistria may be forth-

coming, one that is international and approved by the 5+2 party format. If this works, there could be a joint NATO-Russia peacekeeping operation in Transnistria. Further NATO enlargement—particularly to Georgia—will create new difficulties, whereas Russia is now more relaxed about developments in Ukraine, which is moving toward the West at a slow, steady pace. The problems with Estonia are connected to Russia's basic identity. Russia's belief that it is a force for good in the world stems from the Soviet role in World War II. The victory over Nazism is the core legitimizing issue and, since the Baltic states have challenged this fundamental tenet of Russian national identity, Russia has responded forcefully.

Russia believes that it is now back on the world stage, and no longer wants to be bound by agreements concluded when it was weak. Russia today is a revisionist power, seeking to renegotiate the agreements of the 1990s. People recall that it took Alexander II fourteen years to abandon the Treaty of Paris.

The measure of progress, said the speaker, will be when Tsarist Russia turns into the Kaiser's Russia. The 2008 election is about the transfer of wealth, not power; it represents a window of opportunity. Putin will select a new prime minister and he himself will remain influential. This is a first in Russian history, since Russia has never before had an influential ex-president. Today, Russia's values center on money but this could change over the next decades.

Another speaker, addressing the EU-Russian relationship, pointed out that there is no unified European Russia policy. The EU's agenda with Russia focuses on three issues: a framework treaty, energy, and the new neighborhood. The first challenge is renewing the Partnership and Cooperation Agreement (PCA), which expires in November 2007, and which may have to include energy issues, since Russia is unwilling to ratify the current EU Energy charter. The Poles, Lithuanians, and Estonians are blocking the start of negotiations on the PCA because Russia has banned Polish meat imports, but the issue is about much more than Polish meat. There is no EU energy policy; member states pursue their own policies and interact bilaterally with Russia.

Russia's and the EU's shared neighborhood—Ukraine, Belarus, Moldova, and the South Caucasus—is a major issue of contention and competition. Russia and the EU will be forced to cooperate in the region, but both sides lack a strategy. Moreover, the EU remains divided about how to deal with Russia. On the one hand, there is a group of Russia-skeptics—Poland and the Baltic states—whose thinking is dominated by their Soviet past. On the other hand, there are the pragmatists—Germany, France, Finland—who believe that the pursuit of common interests with Russia will eventually produce common values. Germany, with its policy of *Annäherung Durch Verflechtung* (rapprochement through engagement) leads this group. However, the Chancellery is more skeptical about Russia than is the Foreign Ministry. Debates about Russia center on key questions: Is Russia still a democracy? Should one adopt a Russia-first approach to the new neighborhood? How does one deal with a Russia which sees energy as the basis of its global power? There is, however, a consensus that Russia has become a more significant challenge under Putin than it was under Yeltsin.

The final speaker addressed four obstacles to transatlantic cooperation on Russia. The first is Europe, for whom Russia will remain a key energy supplier for the next two decades but has yet to define a coherent Russia policy. The second obstacle is the United States, so consumed by Iraq that its ability to respond to other pressing foreign policy issues is severely limited. Russia presents the third obstacle—using hard soft power in the form of energy to persuade the West to listen to it and using an assertive foreign policy to strengthen the Kremlin's domestic grip. Finally, Germany itself is a structural obstacle to developing a common transatlantic policy. After the withdrawal of Soviet troops from eastern Germany, the German business community largely drove German-Russian relations and Germany has not developed adequate mechanisms for tackling a host of more intractable political problems in the bilateral relationship.

Two areas of potential transatlantic cooperation with Russia have emerged. The first is energy security. The

EU Energy Charter is for consumers, not producers; thus, Russia is not interested in ratifying it. The solution is to seek a new format for an energy agreement that meets the interests of both sides. The second area is Russia's "near abroad," the wider Europe, where the U.S., EU, and Russia should think creatively, beyond NATO, to provide structures for anchoring these countries in transition into multilateral structures that provide security and encourage better governance. CFE and a resolution of the "frozen conflicts" would be part of this project.

Although participants agreed on the difficulty of dealing with a newly-confident, energy-rich Russia, there was consensus that the U.S. and EU needed to work together harder and more creatively to find more productive ways of engaging Russia on difficult issues, however challenging the task. There was, however, agreement that this would be particularly difficult until after the 2008 Russian presidential succession.