



# ORF ISSUE BRIEF

JULY 2013

ISSUE BRIEF # 56

## US-Russia Relations at a Crossroads

**Nandan Unnikrishnan and Uma Purushothaman**

**L**’affaire Snowden, the Moscow CIA station chief’s name being published by Russia; tit-for-tat lists of alleged human rights violators released by the two countries; Syria, Iran, Ballistic Missile Defence, nuclear arms reductions—these are the issues concerning US-Russia relations that have dominated the headlines in the last few weeks. It would appear that the Cold War is upon us again! However, seen from another perspective, there are some signs of revival in the relationship. For instance, the US has announced phase IV of its missile defence deployment, which moves missiles away from targeting Russia. After the Boston bombings, Moscow and Washington have been cooperating more intensely on counter terrorism. There has also been an exchange of letters between President Barack Obama and President Vladimir Putin and the two countries have announced a US-Russia summit in Moscow in September this year. Putin’s downplaying of the Snowden affair and warning him against any actions that would hurt the US is also a sign of Russia’s willingness to cooperate with Washington. No doubt, the US-Russia relationship is awash with contradictions. This paper attempts to explore these contradictions through a study of their bilateral interactions on various issues such as counter-terrorism, Afghanistan, Central Asia, the Middle East, missile and nuclear issues and human rights. It also examines the impact of domestic politics on their bilateral relationship.

### Missile and Nuclear Issues

After Obama took over as President, he tried to 'reset' the US-Russia relationship. One of the key components of this strategy was the New START (Strategic Arms Reduction Treaty), which mandates reductions in nuclear arms by 2018. That the Russians agreed to reduce their stockpile of nuclear arms was a significant victory for Obama. However, Moscow and Washington have not yet been able to reach an agreement on ballistic missile defence. Russia has for long been concerned about NATO’s expansion to Eastern Europe as well as its plans to set up Ballistic Missile Defense systems in countries like Poland, ostensibly against attacks from Iran and North Korea. Moreover, Moscow worries that the US missile defence programme could drive China to strengthen its offensive nuclear forces capability<sup>1</sup>, which would

Observer Research Foundation is a public policy think-tank that aims to influence formulation of policies for building a strong and prosperous India. ORF pursues these goals by providing informed and productive inputs, in-depth research and stimulating discussions. The Foundation is supported in its mission by a cross-section of India’s leading public figures, academics and business leaders.

have security consequences for Russia. Russia has, therefore, demanded legally binding guarantees from the US and NATO that these systems would not be used against it—but so far to no avail. However, the announcement in March this year by US Defense Secretary Chuck Hagel to scrap the final phase of the European missile defence system might somewhat assuage Russian grievances and open the way for fresh talks on nuclear arms control negotiations. Russian scholars also believe that this is a “window of opportunity” and it is now time for serious negotiations between Russia and the US to “reach compromise agreements that will respond to each country's security interests and strengthen strategic stability”.<sup>2</sup>

Although Russia has refused to extend the Nunn-Lugar Cooperative Threat Reduction (CTR) Program which dismantles and safeguards nuclear and chemical weapons in the areas under the former USSR, the good news is that the two countries have announced that they will sign an agreement which will secure and destroy nuclear materials and prevent their spread. The agreement, however, does not include biological or chemical weapons which were covered under the Nunn-Lugar CTR program. Further, President Obama has called for reducing deployed American strategic nuclear warheads by a third if Russia agrees to do the same. While Russia's response to this announcement has not been enthusiastic so far, it will be interesting to see how matters play out in this regard.

## **Counter-terrorism**

The US and Russia share concerns about global terrorism and have worked together on this issue. The Boston bombings opened up an opportunity for the two countries to work together on counter-terrorism. There is a recognition in the US that perhaps the bombings could have been thwarted if the US and Russia had cooperated more on terrorism. Russia had shared intelligence about the Boston bombers with the FBI. But according to several news reports, American authorities did not take this intelligence seriously because they were presented a sanitised version of information on the bombers as the Russians did not want to reveal their sources and how they had obtained the intelligence.<sup>3</sup> But the fact that Moscow did share such intelligence is testimony to its willingness to cooperate with Washington on fighting terrorism. Russia and the US announced at the G-8 meeting held in June in Fermanagh, Northern Ireland that they will intensify their cooperation, with information exchange and combined counter-terrorism operations.

## **Afghanistan**

This intensified cooperation becomes crucial in the light of the US drawdown in Afghanistan. Moscow supported American efforts to oust the Taliban, following the September 11 attacks, by not opposing the grant of bases by the Central Asian Republics to the US. Even today, the US and Russia have similar concerns in Afghanistan. After Islamabad denied supply routes to Afghanistan following NATO attacks on military check posts in Pakistan, Russia allowed the US to use the Northern Distribution Network (NDN) to transport important supplies to and from Afghanistan. Though some experts feel that the volume transiting through the NDN is not very much, the fact that Russia is allowing the use of NDN is significant. Further, Russia has allowed NATO to start a transit hub in Ulyanovsk, Russia to support the drawdown from Afghanistan. In the post 2014 scenario, Russia's support to the modalities of ISAF drawdown (particularly the use of the NDN) and the maintenance of any long term US presence in the

country will be crucial.<sup>4</sup> Washington and Moscow do not want Afghanistan to become a launching pad for extremists again after the US drawdown. In the post 2014 scenario, Washington will require Moscow's support for sustaining counter-terrorism, intelligence, surveillance and reconnaissance capabilities in the region.<sup>5</sup>

## Central Asia

There are strong disagreements between the US and Russia on Central Asia. Russia has concerns about American influence and bases in Central Asia, which it considers to be part of its “near abroad” or sphere of influence. It is wary of American support to pro-democracy movements in the region, fearing it could result in the fall of regimes with which it has close ties and increase instability in the region. But given America's drawdown in Afghanistan, the shale gas revolution in the US, the US 'rebalance' to the Asia Pacific and, most importantly, the US economic decline, Washington's attention to this region is likely to reduce. Given that Obama has resisted the temptation to intervene in conflicts around the world, Washington may not want to or be able to sustain an intense involvement in the region—thereby somewhat dissipating Russia's concerns.

## Middle East

The Middle East, particularly since the Arab uprisings, has emerged as an area of contention between Moscow and Washington. Moscow abstained from voting on UNSC resolution 1973 which imposed a no-fly zone on Libya. Moreover, it felt betrayed by the West which, according to Moscow, used the resolution to intervene in Libya. The West's action flew in the face of Russia's steadfast faith in the principle of non-intervention in other countries' internal affairs. Since then, Moscow has refused to support the West's policies towards the Arab Spring.

It is Syria which has emerged as the most vexed issue in US-Russia relations in recent times and the two countries have what President Obama describes as “differing perspectives” on the war though both agree on the need to end violence. Russia has criticised the US for its policy in Syria and has vetoed resolutions in the UNSC calling for sanctions against President Assad's regime. Moreover, it continues to support Assad and has announced that it will supply anti-aircraft missiles and MIG fighters to Syria even as the EU has ended its arms embargo on Syria. Russia has its own problems with Islamic extremism and the growing radicalisation in the Northern Caucasus.<sup>6</sup> Russia's concern is that Assad's fall may result in radical Islamist elements taking control in Syria. Moscow is also concerned about the fate of the Orthodox Christians in Syria. Moreover, Syria is an important arms importer for Russia and the latter's naval base in Tartu, so far, is the only base for the Russian Navy in the Mediterranean. But this is not a very big or a critical base for the Russians. They might even be willing to give it up if necessary.

Despite their differences with the US on Syria, the Russians have persevered and have been able to get the US on board for talks to be held at Geneva (the Geneva II talks) to resolve the imbroglio. Though at the moment, there seems little chance of the talks being held in the immediate future, it could possibly bring about a resolution to the Syrian crisis. The turmoil in Egypt is fuelling Russian skepticism about the 'Arab

Spring'. Russia feels that the upheavals in the Middle East will only lead to instability and, probably, radical extremists gaining power.

Another issue of contention is Iran. Russia has relatively good ties with Iran though it has agreed to an arms embargo on the country and broke a contract to supply the S-300 long-range air defense missile system to Tehran. Iran and Russia, along with India, cooperated in supporting the Northern Alliance against the Taliban. After the US withdrawal from Afghanistan, Moscow and Tehran might again have to cooperate to protect their interests.

Russia and the US are part of the P-5 plus 1. However, Russia and the US have serious differences over Iran's nuclear programme. Though Washington and Moscow broadly share concerns about Iran acquiring nuclear weapons, they differ on the tactics to be used against Tehran. In 2010, Russia supported UN sanctions against Iran but has refused to support further sanctions since 2011. It feels that being too harsh on Iran could have the reverse effect of making it more determined to acquire nuclear weapons or walk out of the NPT.<sup>7</sup> Russia also has commercial interests in Iran. It helped Iran build the Bushehr nuclear plant despite US opposition. Russia wants Iran to participate in the Geneva-II talks on Syria as it feels it could contribute to resolving the crisis, a move that the West opposes.

## Human Rights

The issue of human rights remains an impediment in Russia-US relations. US officials have time and again come down strongly on Russia for its alleged human rights abuses and growing authoritarianism. Russia, on its part, accuses the US of interfering in its internal affairs. The Russian argument is that US policy of exporting democracy is flawed and will lead to instability. Egypt is one example of this. Russia feels that each country will arrive at, through its own process, a political system that suits it best. Russia even accused the US of supporting, if not fostering, the protests against Putin in the last two years. Relations reached a new low after the US passed the Magnitsky Act, which denies visas to officials allegedly involved in the death of the Russian lawyer, Sergei Magnitsky, in prison and froze their assets in the US. In retaliation, Russia passed the Dima Yakovlev Act banning Americans from adopting Russian children, on the grounds that adopted Russian children have faced mistreatment in the US. The US recently published a list of 18 officials banned from travelling to the US under the Magnitsky Act. But, in what is being seen as a concession to Russia, most of the Russians named are minor officials. Russia has also published a “stop-list” of 18 American citizens allegedly involved in human rights abuses at Guantanamo Bay and against Russian citizens. Moreover, Russia has put restrictions on the operations and funding of NGOs in the country and thrown USAID out of the country.

## Domestic Politics

The domestic political atmosphere in both countries is not favourable for stronger relations. Domestic constituencies play an important role in American foreign policy. There is no strong pro-Russia lobby in the US. Russian-Americans are not a significant voting bloc. In fact, the anti-Russia lobby continues to be very strong, thereby tying the President's hands on any rapprochement. The Russian diaspora's influence

is also limited. Given the poor state of economic relations, there are no large stakeholders in either country who are prepared to lobby for the relationship.

Moreover, in the US, both the liberals and the conservatives resist good ties with Russia for differing reasons; the liberals because of human rights concerns and the conservatives because they still see Russia as a foe (e.g. Republican Presidential nominee Mitt Romney's description of Russia as the US' "number one geopolitical foe" during the US elections last year). Above all, there are well-organised groups with links to the defence sector and the military-industrial complex which work against arms reduction or the development of cooperation in the military and political areas.<sup>8</sup> In such a domestic scenario, no wonder that despite his best intentions, President Obama has been unable to push his reset policy ahead. The domestic situation in Russia is no less conducive for good ties with the US. President Putin suspects the US of trying to overthrow his regime. In fact, during his presidential campaign, Putin's supporters accused the US of financing protests against their leader. The theme of Anti-Americanism was used by Putin during his election to consolidate domestic support, particularly among his working class base. So, given the domestic imperatives in both countries, there is little political incentive to improve relations.

## Economic Relations

Economic relations, key to fostering better relations in a globalised world, between Russia and the US remain minimal. Russia has a positive trade balance with the US. In 2012, bilateral trade in goods reached just over \$40 billion, much below bilateral trade between the US and China, as well as with other emerging countries like India, and Brazil.<sup>9</sup> While the US' main exports to Russia are machinery, vehicles, aircraft, meat and optic and medical instruments (just 0.6% of its total exports), Russia's main exports to the US are mineral fuel, iron and steel, precious stones, inorganic chemical and fertilizers.<sup>10</sup> In 2010, US investments in Russia were about \$9.9 billion, while Russian investments in the US were about \$ 4.4 billion,<sup>11</sup> which is again much below potential. Some of the major problems impeding trade include US concerns about weak Intellectual Property Rights enforcement in Russia, lack of transparency in Russia, inefficient government regulations and corruption.<sup>12</sup> On the Russian side, a variety of sanctions, export controls and other trade barriers restrict its access to US technology and trade. However, with Russia's recent entry into the WTO and the repeal of the Cold War-era Jackson-Vanik Amendment extending 'Permanent Normal Trade Relations' status to Russia, there is a real chance for trade to grow between the US and Russia. Some experts opine that US exports to Russia could reach \$ 20 billion over the next five years.<sup>13</sup> For Russia, this is an opportunity for it to modernise its economy and diversify its exports base.<sup>14</sup> Some signs of a revival of economic relations are evident: ExxonMobil and Rosneft have agreed on a joint venture for exploring the Arctic and Black Sea and participation of Rosneft in joint projects with ExxonMobil in the US and Canada.<sup>15</sup>

**Table 1: US-Russia Trade (in billions, US \$)**

	1980	1985	1990	1994	2000	2008	2009	2010	2011	2012
<b>US Exports</b>	1.5	2.4	3.1	2.6	2.1	9.3	5.3	6.0	8.3	10.7
<b>US Imports</b>	0.5	0.4	1.1	3.2	7.7	26.8	18.2	25.7	34.6	29.38

*Source: Compiled from the Office of the US Trade Representative and US Census Bureau*

## Conclusion

The US and Russia have had an uneasy relationship ever since the end of the Cold War. While they have cooperated in some areas, the relationship continues to be driven, to some extent, by a refusal on both sides to let go off the legacies of the Cold War. While Russia believes that it has not been given the recognition due to a great power, much of the US establishment appears to see Russia as a rival. Thus, relations are characterised by distrust on both sides.

For Russia, its bilateral relationship with the US is crucial at the moment. However, this is being rapidly challenged by its relationship with China. The pro-China lobby in Russia has been growing in strength over the last few years. Moscow's closeness to Beijing is further propelled by fear of a G-2 between Washington and Beijing. While economic relations between Russia and China might seem like a win-win for both countries, Russia is aware that in the long term, it might turn into a resource adjunct for China. Therefore, for Russia to maintain viability as a power and to retain its territorial integrity, it will have to diversify its economy from natural resource exports which contribute to a substantial part of its revenue. But to move into manufacturing and modernise its economy, Russia needs finance and technology. While the finances might be available with China, the technologies required for this modernisation are available only with the West—particularly the US. Moreover, the West can help Russia to commercialise some of the technologies that it has independently developed over the years.

On the other hand, for the US, its relations with Russia are currently not a top priority and its focus is on the Asia-Pacific. But it is important for the US that it overcomes its distrust of Russia and improves relations in the context of the emerging US-China rivalry; a Russia which is in the Chinese camp would substantially tilt the balance towards China. Russia has announced its own pivot to the Asia-Pacific. Washington needs to leverage the positive contribution Moscow can make to Asia-Pacific security and stability. A multilateral Asian security architecture to deal with the rise of a more assertive China would be substantially strengthened if Russia were to be a part of it. Also, Moscow and Washington need to strengthen their cooperation on the North Korean nuclear issue to bring about some resolution. Russia with its UN Security Council veto can be a huge spoiler for the US and prevent it from achieving its objectives on international issues.

Though Moscow and Washington have differences over several issues, as outlined above, none of these are insurmountable and there are several areas where they can work together. For instance, cyberspace and counter-narcotics are areas where cooperation can be bolstered. The two countries could also cooperate in exploring the Arctic resources. Russia desperately needs technologies from the West to map, explore and extract its resources in the region.<sup>16</sup> Russia also wants to explore its shale gas resources, for which also it needs Western technology.<sup>17</sup> Another sphere where they can cooperate is in measures to improve their images in both countries. People to people ties between Russia and the US are at a low level. So, one way to improve bilateral relations might be to increase the number of educational, cultural and scientific exchanges.

Thus, the Russian-American relationship is at an interesting phase at this point and it could either improve or worsen depending on the political will in both countries. It will be interesting also to see how the

Snowden affair is handled by both countries. If Snowden is in Russia in September, when Obama is scheduled to attend the G-20 summit and Obama decides not to have a bilateral summit with Putin in Moscow, it will cause damage to their relations. If Russia and the US establish a dialogue that is free and frank and leads to bolstering their cooperation while managing their differences, there could possibly be a paradigm shift in the relationship. The prominent Russian academician, Sergei Rogov, in a study for the Russian International Affairs Council expresses the hope that the “transition from mutually assured destruction to mutually assured stability should lead to mutually assured security for Russia and the United States”.<sup>18</sup> Moscow and Washington have just announced the launch of a regular dialogue in the “two plus two” format between foreign and defence ministers to tackle issues of strategic stability, international security and shared threats. The world will be watching because stability in the US-Russia relationship will have a positive effect on international affairs.

## References

Cooper, William H., 'Permanent Normal Trade Relations (PNTR) Status for Russia and U.S.-Russian Economic Ties', 28 March 2013, CRS Report.

Gasyuk, Alexander, 'Trade Hearings Renew Debates on Russia', 16 March 2012, Russia beyond the Headlines, [http://rbth.ru/articles/2012/03/16/jackson-vanik\\_trade\\_hearings\\_renew\\_debates\\_on\\_russia\\_15086.html](http://rbth.ru/articles/2012/03/16/jackson-vanik_trade_hearings_renew_debates_on_russia_15086.html).

Parker, John W., 'Russia and the Iranian Nuclear Program: Replay or Breakthrough?', Strategic Perspectives, No.9, Institute for National Strategic Studies, National Defense University, March 2012, <http://www.ndu.edu/press/lib/pdf/strategic-perspectives/Strategic-Perspectives-9.pdf>.

Parker, John W. and Michael Kofman, 'Russia Still Matters: Strategic Challenges and Opportunities for the Obama Administration', Strategic Forum no.280, March 2013, Institute for National Strategic Studies, National Defense University.

'President Obama's Signature Paves Way for Permanent Normal Trade Relations with Russia and Moldova, Office of the US trade Representative", <http://www.ustr.gov/russia>.

Rogov, S.M., V.I. Esin, P.S. Zolotarev and V.S. Kuznetsov, 'On the Qualitative Transformation of Russian-American Relations on Strategic Issues', Working Paper, Russian International Affairs Council, No. VII.

Stanton, Joshua, 'U.S.-Russian Relations after the “Reset”', 25 April 2013, The Fletcher Forum of World Affairs, <http://www.fletcherforum.org/2013/04/25/stanton/>.

Stent, Angela, 'US–Russia Relations in the Second Obama Administration', *Survival: Global Politics and Strategy*, 54:6, December 2012-January 2013, pp.123-138.

'Trade in Goods with Russia', US Census Bureau, <http://www.census.gov/foreign-trade/balance/c4621.html>.

### ABOUT THE AUTHORS

Nandan Unnikrishnan is a Senior Fellow at the Observer Research Foundation (ORF). He leads the Eurasian Studies Programme and the US Studies Programme at ORF. Uma Purushothaman is an Associate Fellow at the Observer Research Foundation. Her areas of interest are US foreign and domestic policies, great power relations, soft power and foreign aid.

**Endnotes:**

1. John W. Parker and Michael Kofman, 'Russia Still Matters: Strategic Challenges and Opportunities for the Obama Administration', *Strategic Forum no.280*, March 2013, Institute for National Strategic Studies, National Defense University, p.5.
2. S.M. Rogov, V.I. Esin, et al., 'On the Qualitative Transformation of Russian-American Relations on Strategic Issues', *Working Paper*, Russian International Affairs Council, No. VII, p.21.
3. See, for instance, Charles Shanor, 'Don't Bash Russian Intelligence', 4 June 2013, [http://www.huffingtonpost.com/charles-shanor/dont-bash-russian-intelli\\_b\\_3385455.html](http://www.huffingtonpost.com/charles-shanor/dont-bash-russian-intelli_b_3385455.html).
4. John W. Parker and Michael Kofman, 'Russia Still Matters: Strategic Challenges and Opportunities for the Obama Administration', *Strategic Forum no.280*, March 2013, Institute for National Strategic Studies, National Defense University, p.2.
5. John W. Parker and Michael Kofman, 'Russia Still Matters: Strategic Challenges and Opportunities for the Obama Administration', *Strategic Forum no.280*, March 2013, Institute for National Strategic Studies, National Defense University, p.3.
6. Angela Stent, 'US–Russia Relations in the Second Obama Administration', *Survival: Global Politics and Strategy*, 54:6, p.129.
7. John W. Parker, 'Russia and the Iranian Nuclear Program: Replay or Breakthrough?', *Strategic Perspectives*, No.9, Institute for National Strategic Studies, National Defense University, March 2012, <http://www.ndu.edu/press/lib/pdf/strategic-perspectives/Strategic-Perspectives-9.pdf>, p.1.
8. S.M. Rogov, V.I. Esin, et al., 'On the Qualitative Transformation of Russian-American Relations on Strategic Issues', *Working Paper*, Russian International Affairs Council, No. VII, p.19.
9. 'Trade in Goods with Russia', US Census Bureau, <http://www.census.gov/foreign-trade/balance/c4621.html>.
10. 'President Obama's Signature Paves Way for Permanent Normal Trade Relations with Russia and Moldova, Office of the US trade Representative", .
11. 'President Obama's Signature Paves Way for Permanent Normal Trade Relations with Russia and Moldova, Office of the US trade Representative", <http://www.ustr.gov/russia>.
12. William H. Cooper, 'Permanent Normal Trade Relations (PNTR) Status for Russia and U.S.-Russian Economic Ties', 28 March 2013, *CRS Report*, p.4.
13. Anders Aslund quoted in Alexander Gasyuk, 'Trade Hearings Renew Debates on Russia', 16 March 2012, *Russia Beyond the Headlines*, [http://rbth.ru/articles/2012/03/16/jackson-vanik\\_trade\\_hearings\\_renew\\_debates\\_on\\_russia\\_15086.html](http://rbth.ru/articles/2012/03/16/jackson-vanik_trade_hearings_renew_debates_on_russia_15086.html).
14. Joshua Stanton, 'U.S.-Russian Relations after the “Reset”', 25 April 2013, *The Fletcher Forum of World Affairs*, <http://www.fletcherforum.org/2013/04/25/stanton/>.
15. Angela Stent, 'US–Russia Relations in the Second Obama Administration', *Survival*, Vol. 54, No. 6, December 2012–January 2013, p.133.
16. John W. Parker and Michael Kofman, 'Russia Still Matters: Strategic Challenges and Opportunities for the Obama Administration', *Strategic Forum no.280*, March 2013, Institute for National Strategic Studies, National Defense University, p.7.
17. John W. Parker and Michael Kofman, 'Russia Still Matters: Strategic Challenges and Opportunities for the Obama Administration', *Strategic Forum no.280*, March 2013, Institute for National Strategic Studies, National Defense University, p.7.
18. S.M. Rogov, V.I. Esin, et al., 'On the Qualitative Transformation of Russian-American Relations on Strategic Issues', *Working Paper*, Russian International Affairs Council, No. VII, p.21.



**Observer Research Foundation,**  
 20, Rouse Avenue, New Delhi-110 002  
 Phone: +91-11-43520020 Fax: +91-11-43520003  
[www.orfonline.org](http://www.orfonline.org) email: [orf@orfonline.org](mailto:orf@orfonline.org)