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REPORT

A ROADMAP FOR U.S. – RUSSIA RELATIONS

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In an atmosphere of geopolitical tension and mutual distrust, not only must the United States and Russia work together in the many areas where their coordination is directly critical to global security, but a broader agenda of cooperation on specific, attainable measures across different issues areas is also important for another reason: to help stabilize the relationship and buffer against conflict in the future. The analyses that follow examine prospects for Russia-U.S. cooperation in several crucial regions and fields: economics, energy, the Arctic, Euro-Atlantic security, the Middle East, strategic stability, cybersecurity, and countering terrorism and extremism. The report offer concrete, actionable recommendations in each area.

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Introduction

Big is big, but small is also big. That is the common thread running through the papers that this august group of experts have put together on the future of U.S.-Russia relations. In an atmosphere of geopolitical tension and mutual distrust, not only must the United States and Russia work together in the many areas where their coordination is directly critical to global security, but a broader agenda of cooperation on specific, attainable measures across different issues areas is also important for another reason: to help stabilize the relationship and buffer against conflict in the future.

The analyses that follow examine prospects for Russia-U.S. cooperation in several crucial regions and fields: economics, energy, the Arctic, Euro-Atlantic security, the Middle East, strategic stability, cybersecurity, and countering terrorism and extremism. They offer concrete, actionable recommendations in each area.

Economic Relations

U.S.-Russia economic cooperation has a long history, although it remains moderate relative to each country's trade with, for example, China and the EU. Since 2014, economic cooperation has dropped dramatically due to sanctions, risks and uncertainty associated with geopolitical tensions, and the shrinking of Russia's economy. While economic considerations have not prevented Russia from pursuing its geopolitical agenda, Russia continues to see economic success as vital to its overall strength, and opportunities for trade and investment between Russia and the United States can further that goal. Russia, particularly, has a great deal to gain from a revitalized relationship: it has a much smaller economy than the United States, and it depends on access to U.S. financing and specialized technology, such as for Arctic oil drilling. This said, for the United States, improved economic relations with Russia also serve geostrategic ends. Since both countries want to strengthen the foundation for a productive political relationship, economic ties can be used to broaden the stakeholders in each country advocating better overall relations. This is not to say that economic cooperation can reverse or reshape the course of the relationship: at best, trade between the two can rise to moderate levels. However, a deeper and broader economic relationship can act as a stabilizing force.

The authors present near-term and long-term recommendations for improving economic relations.

In the near-term (assuming sanctions continue):

- The United States and Russia should **encourage private business dialogue** and regular consultation between the Russian government

(e.g., the Ministry of Economic Development) and AmCham, the U.S.–Russian Business Council, and U.S. businesses in Russia;

- Russia should take full **advantage of World Trade Organization (WTO) membership to improve trade** relations with the United States and ratify the bilateral investment treaty (BIT) signed in 1992
- **The U.S. Department of Commerce should consult regularly with Russia** on trade policy issues

In the long-term (assuming sanctions are lifted):

- The United States and Russia should **create a Strategic Economic Commission** to address broad policy matters and advance economic and commercial opportunity, lead t**rade and investments missions** to one another's countries, and develop economic ties between Russian and U.S. cities;
- The United States and the European Union should s**upport resumption of Russian membership accession negotiations with the Organization for Economic Cooperation and Development (OECD)** and should **keep Russia and the Eurasian Economic Union abreast of Transatlantic Trade and Investment Partnership (TTIP)** developments and urge that Russia be given **observer status**.

Energy

Both Russia and the United States face a common need to provide affordable, secure, and environmentally sound energy to their people, and the two nations have a history of cooperating on energy issues. But events of the past five years have presented a series of challenges to U.S.-Russia energy cooperation. The development of the natural gas industry in the United States has created a perception in both capitals that the two countries are energy competitors. Moreover, President Donald Trump has stepped back from former president Barack Obama's focus on climate change, effectively removing one area where the United States and Russia have cooperated extensively in the past. Not least, U.S. sanctions have specifically targeted Russia's oil and gas sectors, critical to the Russian economy; as a result, energy cooperation was one of the first victims of an overall decline in relations. Ongoing geopolitical tensions are likely to prohibit strategic, high-level engagement on energy, but cooperation remains possible – and crucial to both countries and the world – on the scientific and methodological level. The authors therefore recommend:

- The two parties should **refocus this relationship on more technical issues**, in order to help depoliticize the energy sphere and bring added value to energy efficiency, fuel diversity, and sustainability.

The Arctic

Cooperation in the Arctic has been somewhat insulated from the overall decline in the relationship. Both countries' Arctic agendas are mostly

uncontroversial despite a difference in emphasis: Russia remains focused on economic development, while the United States has emphasized climate change and environmental protection (although the Trump administration's Arctic policy remains unclear). Despite some legal ambiguities over the precise territorial demarcations of continental ice shelves, the United States and Russia have no substantive boundary disputes in the Arctic. Recent cooperation on an international fisheries agreement, maritime safety, and the creation of an Arctic Coast Guard Forum suggest the Arctic is an area for constructive engagement. Nevertheless, challenges do exist. Western sanctions imposed against Russia over Ukraine have slowed bilateral cooperation on less controversial issues in the Arctic. Moreover, Russia's increased military presence in the region threatens to provoke responsive postures from NATO, a dynamic that could spiral into a militarization of the region. The danger of this increases against a background of overall distrust. The Arctic remains a relatively low priority on the U.S. national agenda. Although Russia places a higher priority on the region, this suggests that Arctic cooperation is unlikely to repair a badly damaged bilateral relationship. However, the Arctic has been – and can continue to be – an area of constructive engagement *despite* an overall adversarial relationship. Moreover, cooperative experiences in the Arctic can be a building block for better relations.

Perhaps most importantly, even if Arctic cooperation is not always critical to the U.S.-Russia relationship, U.S.-Russia cooperation is critical for the Arctic. It is paramount that peace and stability be maintained in the region.

In the near-term:

- All Arctic states should **exercise restraint in developing their Arctic defense postures**;
- The United States and Russia should **consider appropriate measures to ensure compliance by all states with the Polar Code.**

In the mid-term, the authors recommend:

- **Enhanced communication between Arctic states** (both to improve collective domain awareness and to streamline search and rescue and disaster response operations);
- **New voluntary vessel traffic rules** in the Bering Strait;
- **Finalization of a new fisheries agreement** covering the northern part of the Bering Sea,
- **Formation of a multilateral agreement to regulate illegal fishing**; and
- **Support to scientific cooperation beyond national fisheries jurisdictions** of coastal states.

Euro-Atlantic Stability

Though Crimea and Ukraine are at the crux of U.S.–Russia animosity over the past three years, the underlying disagreements are not new: The United States and Russia have long held conflicting visions of a post–Cold War Euro-Atlantic security order. Broadly, two tensions define the relationship in the Euro-Atlantic arena. First, at the core of the Ukraine crisis lies a contradiction in Moscow and Washington's understanding of Russia's legitimate sphere of influence. While Moscow feels it is entitled to play a role in its immediate neighbors' politics, Washington insists Russia should not have any more say in regional affairs than any other post-Soviet countries. Second, Russia has long been opposed to what it sees as unending NATO expansion, and it views the February 2014 events in Ukraine as a first step in Ukraine's eventual drift into NATO. By contrast, the United States sees collective security on par with economic integration – as a force for stability in Europe. From the U.S. perspective, Russia's actions in Crimea threaten the very idea of a peaceful and integrated Europe, since it marks the first militarized acquisition of another state's territory in Europe since World War II. Economic sanctions aim both to punish Russia for its aggressive actions and to deter it from future coercion. However, while fundamental differences over the shape of the European security order will not be easily resolved, the economic cost of conflict to both sides may incentivize some forms of cooperation.

The political deadlock in eastern Ukraine, as well as increased NATO and Russian military activities in the Baltics and the Black Sea region, threaten a peaceful resolution to the Ukraine conflict. Recommendations to avoid renewed conflict are fivefold:

- First, steps should be taken to **improve communication and prevent any accidents** (for example, a mid-air collision between a NATO and a Russian aircraft) that could escalate conflict;
- Second, to preserve hope for a political settlement, all sides should **commit to negotiations in all possible formats**, including the Normandy format, bilateral U.S.-Russia talks, and direct engagement between Ukraine and Russia;
- Third, the United States and Russia should **publicly communicate that the Ukraine conflict is not the sole determinant of the U.S.–Russia relationship**;
- Fourth, the United States and Russia should **signal their explicit intention to improve relations**;
- Fifth, the United States and Russia should **clarify their approaches to relations with post-Soviet countries** – even if these remain at odds, clear statements of goals and interests will be useful to all.

The Middle East

The United States and Russia have both overlapping and conflicting interests in the Middle East. Russia, for its part, is primarily concerned with security in the region, and does not want destabilization in the Middle East to reach its own borders (for instance, in the form of extremist terrorists). Though Russia sees itself as a serious player in the Middle East, it has neither the resources nor the intent to reestablish the status that the Soviet Union once held in the region. U.S. interest in the Middle East is multifaceted. History and ideology drive the United States' commitment to Israel's security, which in turn helps shape U.S. policy toward Iran. Energy and commerce drive U.S. foreign policy toward the Gulf states. Moreover, the United States has a longstanding commitment to combatting terrorism in the Middle East. Despite the Obama administration's desire to end the United States' involvement in Iraq and Afghanistan, the rise of the Islamic State of Iraq and Syria (ISIS) has forced the United States to maintain a troop presence and strategic focus on the region. Both the United States and Russia see ISIS and jihadist extremism as threats to political stability in the region. Combatting terrorism in the Middle East remains an opportunity for substantial cooperation between the United States and Russia. However, the war in Syria has brought to light major policy differences: Russian intervention is driven by its strong opposition to perceived U.S.-backed regime change, which it views in the same light as the "color revolutions" in the post-Soviet space, and which it sees as a source of further chaos in the Middle East. Russia believes that only elections in Syria should decide the future of the Bashar al-Assad government. The United States, for its part, believes that Russia has propped up the Assad regime by bombing moderate opposition forces, and that Syria will not be unified in peace until Assad steps down from power. The political future of Syria offers both challenges and opportunities for further cooperation. Both Russia and the United States support a negotiated settlement to the Syrian civil war. Recommendations include:

- A focus on identifying areas where interests overlap and cooperation is crucial, including **jointly developing plans for the physical reconstruction of Syria and coordinating policies toward the Kurdish parties**;
- **Preventing cycles of revenge in post-civil war Syria**;
- Working now to **define the possible international guarantees** that could be offered in Syria;
- Updating previous proposals or beginning a new joint initiative to make progress on the **Arab-Israeli conflict**;
- Pursuing collaboration on **Libya, Afghanistan, and regional security structures**.

Strategic Stability

Although by far the countries with the biggest nuclear arsenals, the United States and Russia have long not been the only actors on the global stage with strategic weapons. Meanwhile, the rise of high-efficacy conventional and cyber weapons (whose strategic potential in some ways parallels that of nuclear weapons) means that any conversation on strategic stability is broader than just the nuclear realm. Both of these factors create an imperative for the United States and Russia to rethink strategic stability. This presents challenges. First, the United States and Russia have different notions of strategic stability: for the United States, "strategic stability" refers to nuclear "arms race stability," while for Russia, strategic stability has focused more on parity in overall military capabilities. Second and relatedly, the line between strategic and conventional weapons is a thin one, and the weapons that Russia sees as "strategic" the United States may interpret as tactical or conventional. These include missile defensive systems, high-precision conventional weapons, cyber capabilities, and space weapons. Transitioning to a new paradigm in strategic stability will require a mix of old and new approaches. These include:

- **Treaty obligations** to limit and/or reduce armaments, which means discussions in which all issues are on the table (e.g., missile defenses, strategic systems, tactical systems, advanced conventional systems, etc.) and it is up to the parties to determine whether and how to limit them;
- **Unilateral, parallel steps to signal the absence of threat** (taken in the absence of legally binding treaties); and
- **Confidence-building and transparency measures** (such as providing baseline data on nuclear arsenals without revealing their locations).

Cybersecurity

U.S. government findings that Russia sought to influence the U.S. elections in part through the use of material obtained by cyber espionage and/or hacking have cast a substantial shadow over other aspects of the cybersecurity relationship between the two countries. In fact, the United States and Russia have been engaged in a dialogue on cybersecurity since 1998. The two countries disagree on norms of cyber warfare. Russian experts categorize cyber weapons on par with weapons of mass destruction and believe their use should be stigmatized. The United States believes that the use of cyber warfare is legitimate if guided by existing laws governing the norms of armed conflict. Cybersecurity has thus entered – and complicated – an older conversation between the United States and Russia on strategic stability (until recently a reliable channel for dialogue). A second point of tension exists at the intersection of terrorism and freedom of expression: Russia subordinates the

latter to combat the former. The United States, meanwhile, remains concerned with censorship of political expression. This tension points to a larger debate about sovereignty and universal rights, and a debate over what body should regulate the Internet. Confidence building measures (CBMs) within the Organization for Security Cooperation in Europe (OSCE) have been partially successful at advancing cooperation, but they are complicated by each country's ties to third parties (the United States to NATO, and Russia to China). Generally, the current level of cooperation on cybersecurity is reflective of the overall relationship. But here, as elsewhere, finding a way forward will be critical. Our authors urge that the two countries:

- Continue diplomatic and Track II discussions of cybersecurity to **improve mutual understanding and attain greater clarity** of concepts and approaches
- Work together to **combat cyber crime and the use of the Internet by terrorists**; this could build momentum for the next step;
- Work toward the harder conversation on the **strategic application of cyber weapons and norms for responsible state behavior**.

Counterterrorism

Counterterrorism and countering violent extremism (CVE) cooperation between the United States and Russia have persisted through low points in the relationship. This, and the importance both states attach to these questions in their national security visions, suggests that this field is an avenue for further cooperation. However, the United States and Russia have different – and at times conflicting – approaches to counterterrorism and CVE. The United States has moved away from the "global war on terrorism" paradigm and refocused its CVE strategy on combatting homegrown extremism at the community level. Combined with this CVE strategy, the United States continues to conduct the majority of its counterterrorism activities abroad, using drones and special operations forces to carry out prophylactic strikes against designated terrorists. By contrast, Russia's counterterrorism policy has largely centered around the domestic threat of terrorism from an Islamist insurgency in the northern Caucasus. Moreover, Russia does not emphasize CVE to the extent that the United States does. Starting in 2014, institutionalized platforms for U.S.–Russia cooperation on counterterrorism/extremism have been suspended and in some cases canceled. Despite these challenges, the United States and Russia's approach to counterterrorism has begun to overlap in important ways. With the rise of ISIS, Russia has shifted its lens toward transnational terrorism. There continues to be major disagreement over who constitutes a "terrorist" group, but Russia's shift in attitude toward fighting terrorism opens avenues for cooperation with the United States in the Middle East and Central Asia.

Practical recommendations for increasing cooperation include:

- Establishing a **U.S.–Russia bilateral working group focused on reducing both homegrown radicalization and the recruitment and flows of foreign fighters**;
- Exchanging **information on illicit financial flows that fuel terrorism**, particularly as they relate to the illicit drug trade from Afghanistan; and
- Facilitating **bilateral Track II events related to CVE**, such as community-level (district/city) exchanges on programs to counter radicalization among youths.

Introduction: A Path Forward for U.S.–Russian Cooperation

Andrey Kortunov
Olga Oliker

We are very pleased to be publishing this report, which lays out clear and actionable ways forward for U.S.-Russian cooperation in several very important areas critical to both countries' security.

When we began this project in the fall of 2015, relations between the United States and Russia were spiraling badly. Tensions that had heightened as a result of the Ukraine crisis intensified after Russia began its military campaign in Syria. Moscow and Washington blamed one another for a wide range of global and regional problems, and the two capitals were barely on speaking terms.

In this context, we felt it that it was particularly important that the conversations and dialogues that existed be maintained and strengthened. Moreover, although we recognized the many differences in perspective and interest that our governments and our peoples bring to the table, we also felt strongly that cooperation was imperative. This is not because we thought, or think, that cooperation is important for its own sake, or simply a means to end the developing stand-off. Rather, we knew from past experience that for all our differences, the United States and Russia continue to share a number of key interests, advancement of which is in our mutual, and indeed the global, good. Moreover, we also knew that failure to cooperate in these areas would be to the great detriment of Russian, U.S., and global security.

We therefore began from the premise that the world faces real dangers which only collaborative work between our two capitals can address. It is incumbent on us, therefore, to seek not simply areas where we can cooperate, but rather to find the ones where we must, and to lay out clear recommendations to our leaders for how that cooperation can be attained. After a successful first meeting in which we brought Russian and US specialists and officials (past and present) together to discuss some of the most important questions facing our countries, we decided to try a novel approach. We asked our project participants to pair up, with one Russian and one American on each team, and write short policy memos regarding the way forward in eight of the most contentious and important policy topics. By asking our team members to cooperate across an ocean, we hoped we would be able to better identify ways forward that respected both states' interests.

As such, this was not an easy undertaking. While each author only represents their personal point of view, their ability to work collaboratively and

Andrey Kortunov is the director general of the Russian International Affairs Council.

Olga Oliker is senior adviser and director of the Russia and Eurasia Program at the Center for Strategic and International Studies.

cooperatively presented eight microcosms of the challenges and prospective successes of cooperation between our two nations. While for some topics common ground was comparatively easy to find, in others, the discrepancies between perspectives and approaches created substantial roadblocks. In almost all cases, our co-authors were able to find approaches which incorporated both points of view. In one case, we present the two perspectives side-by-side, informed by conversations and discussions between the authors and within our working group, but nonetheless as separate products, an indicator of the work that remains to be done.

The papers presented here are do not cover all possible areas of cooperation between Russia and the United States. This would require at least another full volume. They do address some very important topics that we think will be at the top of the agenda for the new administration in the United States and its Russian counterparts. These are some of the areas where cooperation and coordination are most crucial, and we are pleased to be able to present practical, actionable ways forward for our governments to consider, and, we hope, implement. We also look forward to continuing our work to help our leaders develop this very important, if often contentious, bilateral relationship.

In addition to our authors, whose work formed the meat of this report, we want to thank the hardworking teams at both RIAC and CSIS. Particularly, we are grateful to Ivan Timofeev, Jeffrey Mankoff, Oliver Backes, Natalia Evitkhevich, Alisa Ponomareva, and Cyrus Newlin. All of them contributed much of their time and talents to this effort, and improved it tremendously.

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Russian–U.S. Economic Relations

William Courtney
Victor Supyan

Economic cooperation builds enduring interests, raises incomes in Russia and America, and helps stabilize overall relations against political headwinds. Economic relations nose-dived in the wake of the conflict in Ukraine in early 2014 and the Western imposition of sanctions. Donbas-related sectoral sanctions targets finance, energy, and defense industry. Russian-U.S. economic relations will remain constrained as long as they remain in effect. Even so, major opportunities for trade and investment remain. The under-valuation of Russian equities, ruble devaluation, the quality of the technology labor pool, the agriculture and pharmaceutical sectors, and possibilities for value-added investment in the extractive sector offer potential for investors, especially if risks can be reduced. Despite the devalued ruble, Russia has a keen interest in importing some types of advanced equipment and services produced in the United States.

In 2013, America exported $11.1 billion in goods to Russia, and imported $27.1 billion. In 2015, when full U.S. sanctions were in effect, exports fell to $7.1 billion, and imports to $16.4 billion.[1] These drops owed to sanctions, risks and uncertainty associated with geopolitical tensions, and Russia's GDP decline. In 2015 Russia was America's 25th largest trading-partner. Net inflows to Russia of foreign direct investment from all sources have also plummeted, from $69.2 billion in 2013 to $4.8 billion in 2015. According to the Central Bank of Russia, the stock of Russia direct investment in the United States on January 1, 2017, was $8.3 billion, and the stocks of U.S. investment in Russia on that date was $3.3 billion. [2]America is Russia's 10th largest foreign investor. As a result of the conflict in Ukraine, Washington has suspended much official economic cooperation with Moscow, including the bilateral trade and investment working group.[3]

Economic cooperation has a long history. Early Soviet industrialization depended in part on U.S. equipment for factories. America sent equipment and technology to the USSR during World War II. The Soviet Union continued to acquire these items after the war. Russia needs to overcome technological backwardness in many industries, hence its interest

William Courtney is an adjunct senior fellow at the RAND Corporation and executive director of the RAND Business Leaders Forum, as well as president of the U.S.–Kazakhstan Business Association.

Victor Supyan is deputy director of the Institute for the U.S. and Canadian Studies at the Russian Academy of Sciences, a professor of economics at the Russian Academy for Foreign Trade, the Higher School of Economics, and the State University of Humanitarian Science, and a RIAC expert.

[1] US Census Bureau, "Trade in Goods with Russia: 1992-2016."
URL: https://www.census.gov/foreign-trade/balance/c4621.html#2013

[2] The Central Bank of the Russian Federation: External Sector Statistics. URL: http://www.cbr.ru/statistics/&Prtid=svs

[3] Trading Economics / Russia Foreign Direct Investment - Net Flows (1994-2017).
URL: http://www.tradingeconomics.com/russia/foreign-direct-investment

Table 1: Trade between the United States and Russia, 1992-2015 (USD billions)

Year	U.S. exports	U.S. imports	Trade volume	Trade balance
1992	2,1	0,5	2,6	1,6
1993	3	1,7	4,7	1,3
1994	2,6	3,2	5,8	–0.6
1995	2,8	4	6,8	–1.2
1996	3,3	3,6	6,9	–0.3
1997	3,4	4,3	7,7	–0.9
1998	3,6	5,7	9,3	–2.1
1999	2,1	5,9	8	–3.8
2000	2,1	7,7	9,8	–5.6
2001	2,7	6,3	9	–3.5
2002	2,4	6,8	9,2	–4.4
2003	2,4	8,6	11	–6.2
2004	3	11,9	14,9	–8.9
2005	3,9	15,3	19,2	–11.3
2006	4,7	19,8	24,5	–15.1
2007	7,4	19,4	26,8	–12.0
2008	9,3	26,8	36,1	–17.5
2009	5,4	18,2	23,6	–12.8
2010	5,9	25,7	31,6	–19.8
2011	8,3	34,6	42,9	–26.3
2012	10,7	29,3	40	–18.6
2013	11,1	27,1	38,2	–15.9
2014	10,7	23.7	34,4	–12.9
2015	7,1	16,6	23,7	–9.5

Source: United States Census Bureau, "U.S. Trade in Goods by Country," 2013, 2015, https://www.census.gov/foreign-trade/balance/c4621.html.

in obtaining more foreign investment and some advanced technologies from America and other developed countries. Russia continues to see economic success as vital to its overall strength. Foreign investment is encouraged even as some other foreign ties are being reduced. At present, agriculture and pharmaceuticals are among the areas where Russia is seeking U.S. and other foreign investment.

Economic ties with the United States are important to Russia despite the low U.S. share in Russian foreign trade and the small U.S. proportion of accumulated foreign direct investment in Russia. It has interests in improving access to advanced technology, obtaining financing for major

business undertakings, exporting metals and other raw materials to American buyers, and using economic relations to help stabilize the U.S. political relationship. America's interests with Russia include expanding and diversifying global sources of energy and other raw materials, assisting U.S. companies to become more productive through exports, investment, and the development of efficient, global supply chains, and putting a stronger foundation under the political relationship with Russia.

Russian and U.S. economic prospects offer little reason to expect major changes in bilateral economic relations. According to IMF, the Russian "authorities' flexible and effective policy response has cushioned the economy from the dual shocks of lower oil prices and sanctions… (but it) will need to adjust to the challenge of persistently lower oil prices by reducing its dependence on oil and energy exports over the medium term… structural reforms will be essential to leverage the current competitive exchange rate to boost long-term potential growth."[4] For the U.S. economy the IMF says, "while the outlook remains broadly favorable, there are important downside risks and uncertainties, in particular slower potential growth… longstanding issues on the supply side continue to weigh on economic prospects, including low productivity growth, falling labor force participation, and rising poverty and wealth inequality." [5]

This paper reviews the current state of Russian–U.S. economic relations, looks at other issues affecting them, and makes policy recommendations under two scenarios: 1) near-term, while Donbas-related sanctions are in effect; and 2) longer-term, after they have ended. In both scenarios, U.S. sanctions related to Russia's actions in Crimea (which unlike the Donbas sanctions do not target economic sectors) are assumed to be in effect.

Economic relations between Russia and America are more important for Russia: its economy is much smaller than America's, and Russia depends on access to U.S. financing (absent financial sanctions) and specialized technology, such as for Arctic oil drilling. In the geopolitical and security domains, however, the two countries are more dependent on each other, such as to reduce risks from weapons of mass destruction, resolve crises in places like Syria and Ukraine, and fight international terrorism. In this context, economic ties are – and should be – a vital stabilizing element in strained overall relations. If they were to diminish, stakeholder interests for better overall relations would decline in both countries. Without this economic ballast, differences in the geopolitical and security spheres might become more acute.

4 International Monetary Fund / IMF Executive Board Concludes 2016 Article IV Consultation with the Russian Federation. Press release no. 16/336. July 13, 2016. URL:http://www.imf.org/en/News/Articles/2016/07/13/13/36/PR16336%20Russia%20IMF%20Executive%20Board%20Concludes%202016%20Article%20IV%20Consultation

5 International Monetary Fund / IMF Executive Board Concludes Article IV Consultation with United States. Press release no. 16/332. July 12, 2016.
URL: https://www.imf.org/en/News/Articles/2016/07/12/19/28/pr16332-IMF-Executive-Board-Concludes-Article-IV-Consultation-with-United-States.

Current State of Economic Relations

An analysis of trade volumes between the United States and Russia reveals that even in the best of times it is of secondary importance to both, especially the U.S. For example, while Canada's share of U.S. exports is approximately 20 per cent, Russia accounts for only 0.7 per cent. As for imports, China is the leader (19.8 per cent), with Russia making up a meagre 1.2 per cent. With a 19 per cent share, Canada is the United States' main trading partner, followed by China and Mexico. Together, the three countries account for more than 40 per cent of U.S. trade. Russia's chief trading partners are the European Union, China, Kazakhstan and Belarus. Hence the big gap in relative economic importance of both nations to each other.

The positions of the two nations in global trade differ: U.S. foreign trade amounted to $5.2 trillion in 2014, while Russia's was $805 billion. The U.S. share of global exports of goods was about 9 per cent (second place in the world), and global imports was about 13 per cent (first place). Rus-

Table 2: Russia's Main Exports to the United States, 2002–2014 (USD millions)

Category	2002	2005	2009	2010	2012	2013	2014	2015
Crude oil	695,1	2 459,70	4 282,60	6 597,30	3 681,60	1 732,40	754,5	739,3
Fuel oil	712,5	2 949,40	7 277,80	9 765,00	16 043,10	16 234,60	11 648,90	6 754
Other petroleum products,	602,5	2 329	1 033,50	1 255	1 297,20	1 457,00	1 618,10	1 033,40
Liquefied petroleum gases	20	229,6	601,2	882,8	n/a	109,3	0	0
Nuclear fuel materials	788,8	871,7	890,3	1 088,80	905	1 017,20	927,7	895,7
Fertilizers, pesticides and insecticides	169,6	321,2	329,4	737,9	1 038,90	1 033,50	1 005,30	1 136,20
Steelmaking materials	89,1	406	420,4	814	929,9	870,8	1 100,90	862,6
Iron and steel mill products	338,4	667,6	222,3	594,2	1 106,20	771,7	2 234,60	703,1
Bauxite and aluminium	1 050,10	1 742,60	603,3	504,9	709,7	482	751,7	706,2
Nickel	159,7	347,8	307,1	727	303,5	160	223,8	115,6
Other precious metals	508,8	566,7	355,7	440,7	510,7	511,9	546,9	599,9
Spacecraft, excluding military	15,3	26,7	18,9	73,2	94,9	184,6	101,9	160,9
Gem diamonds	85,1	139,8	143,5	107,7	150,1	170,3	160	104,4
Total	6 870,10	15 306,60	18 199,60	25 685,20	29 380.8	27 085,70	23 658,10	16 561,70

Source: United States Census Bureau, "Country and Product Trade Data," 2013, 2015, URL: https://www.census.gov/foreign-trade/balance/c4621.html

sia's share of global exports was around 2.8 per cent (10th place overall), with imports at 1.8 per cent (16th). Thus, the overall scale of foreign trade of the two countries volumes suggests that they are not leading trading partners for each other.

In trading with the United States, Russia essentially acts as an emerging economy; in 2015, six categories of goods accounted for 88 per cent of Russia's combined exports to the United States: oil, oil products (52 per cent); non-ferrous metals (8.6 per cent); ferrous metals (9.4 per cent); and nuclear fuel (5.4 per cent). The share of fertilizers accounted for 6.8 per cent, while precious metals, gems and seafood accounted for 6.2 per cent combined (see Table 2).

Table 3: Russia's Main Imports from the United States, 2002–2014 (USD millions)

Category	2002	2005	2009	2010	2012	2013	2014	2015
Meat, poultry, etc.	454,6	748,7	1 078,20	671,5	903,8	329,1	290,9	0,7
Nuclear fuel materials	209,2	41,3	50,2	109,5	127,1	100,9	6,7	213,2
Plastic materials	29,5	52,3	100,3	243,8	335,7	305,3	191,9	114,5
Drilling & oilfield equipment	335,5	312,5	346,7	322,7	432,7	405,1	460,1	262,5
Excavating machinery	55,2	179,9	169,5	215	435,1	401,2	238,2	103,3
Industrial engines	80,3	114,3	306,6	331,3	271,1	328,4	275,5	285,1
Metalworking machine tools	23,7	49,4	57,3	138,8	108,4	140,2	103	62,5
Measuring, testing, control instruments	74	63,8	97,6	125,9	188,2	245	256,3	239,5
Materials handling equipment	32,2	50,1	89,4	144,2	193,8	227,6	104,3	47,5
Industrial machines, other	46,3	68,4	218,1	202,2	282,6	330	370,5	378,6
Medicinal equipment	42,6	47	132,4	180,1	312,2	222,5	222,5	119,9
Civilian aircraft, engines, equipment, and parts	0	157,4	412,6	269,2	1 477,10	1 943,60	2 348,90	1 916,80
Passenger cars, new and used	23,2	319,1	47,2	175,2	830,7	1 262,40	1 475,70	254,8
Total	2 396,90	3 962,20	5 332	5 968	10 669,50	11 144,50	10 752,80	7 086,60

Source: United States Census Bureau, "Country and Product Trade Data," 2013, 2015.
URL: https://www.census.gov/foreign-trade/balance/c4621.html

At $7.1 billion in 2015, exports from the United States to Russia are rather diversified, yet small in value. Finished products dominate U.S. exports, which is important for improving the technological level of Russian manufacturing. Machines and equipment are the main American exports (machine tools, drilling equipment, excavators, aircraft, etc., accounted for around 52 per cent in 2014). Between 2002 and 2014 supplies of these products almost tripled. Yet after 2014 this category started to shrink in both absolute and relative terms (see Table 3).

From 1992 to 2013, exports from the United States to Russia rose by about 16 times, while exports from Russia to the United States grew by 53 times. [6] Despite Russia's small share of U.S. trade, the United States was interested in expanding its imports of minerals and metals from Russia. As for Russia, it has long been interested in obtaining much-needed advanced industrial equipment and other machine-engineering products from the United States.

There is potential for strengthening economic relations. This is shown by growth of trade between the two nations in the past (except 1999, 2001 and 2009, when slumps in trade were caused by the 1998 financial crisis in Russia, and by U.S. economic crises in 2008–2009). Sanctions and higher political risks arising from the conflict in Ukraine are causing a decline in trade, starting in 2014 (see Table 1 in the Annex).

U.S. direct investment in Russia is modest; America ranks only 11th among foreign investors. U.S. investment focuses on the fuel (57%) and food industries, which together account for 71% of the total. Russian direct investment in America, a recent phenomenon, accounts for a negligible share of U.S. FDI. It is concentrated in the metals industry. According to Russian Central Bank data, in 2014 the stock of Russian direct investment in the United States was $21.6 billion, more than U.S. stock in the Russian economy, $18.6 billion.

Russia and America have differing economic positions. The United States is the world's largest developed country; Russia is the 10th world's tenth largest economy. America is influential in international economic and financial organizations, and is a magnet for foreign capital. Russia is active in its region; it is spear-heading the Eurasian Economic Union. Fifty-four of the world's 100 largest corporations are American; only one has a Russian origin.

Other Issues Affecting Economic Relations

Trade Climate. Russia joined the World Trade Organization in August 2012, with strong U.S. support. In that year the U.S. Congress enacted legislation to extend permanent normal trade relations to Russia. Participation

[6] Doing Business, Economy Rankings / The World Bank. URL: http://www.doingbusiness.org/rankings; World Bank / Doing Business, Annual Report. 2014. URL: http://www.doingbusiness.org/~/media/WBG/DoingBusiness/Documents/Annual-Reports/English/DB14-Chapters/DB14-Mini-Report.pdf

in WTO helps Russia's economy to be more productive and reduces risks that trade disputes may become politicized. For industrial and consumer goods, Russia's average bound tariff rate has declined from almost 10% to under 8%. In April 2016 Russia ratified the WTO's Trade Facilitation Agreement, which should expedite the movement, release and clearance of goods. It entered into force on February 22, 2017. The Agreement could increase global merchandise exports by up to $1 trillion per year.[7] Russia ought to benefit because of its central role in land transport between Asia, Europe, and the Middle East. Trade relations with the United States may benefit as Russia gains more experience with WTO. Moscow's emphasis on developing the Eurasian Economic Union means that regional trade will be a special Russian priority.

Anti-dumping duties – which the United States imposes when it assesses that an imported good is being sold in America at less than "fair value" or it benefits from foreign government subsidies -- are the main non-tariff barrier for Russian exporters to the United States. Able to be applied retroactively, they deter exporters more than relatively low customs duties. Prohibitive duties have been slapped on Russian carbamide, uranium, ferrovanadium, ferrosilicon, magnesium, unwrought titanium, and titanium sponge.

In July 2016 the U.S. Department of Commerce (USDOC) announced affirmative determinations in the anti-dumping duty investigations of imports of certain cold rolled steel flat products from Russia, and several other countries. Severstal and Novolipetsk Steel received preliminary dumping margins of 13.36 percent and 1.04 percent (*de minimis*), respectively. All other producers and exporters in Russia received a preliminary dumping margin of 13.36 percent.[8] In light of the devalued ruble, anti-dumping disputes hold more potential to sour the Russian-American trade climate.

In January 2016 Russia enacted measures to ban transit of cargo by road and rail from Ukraine to Kazakhstan through Russia. In July 2016 Moscow began to enforce the limits. Goods must now cross Belarus, adding up to 900km in distance to travel and 30% in transit costs.[9] Kazakhstan is seeking to negotiate a solution.[10] If the ban remains, the EEU's reputation may suffer and the matter could become a wider political issue.

Russia is a Pacific great power but not a participant in the Trans-Pacific Partnership (TPP). Russia is also a European great power but uninvolved in U.S.-EU negotiations on a Transatlantic Trade and Investment

[7] Russian Federation ratifies Trade Facilitation Agreement / The World Trade Organization. April 22, 2016. URL: https://www.wto.org/english/news_e/news16_e/fac_22apr16_e.htm

[8] Fact Sheet / International Trade Administration. July 21, 2016. URL: http://www.enforcement.trade.gov/download/factsheets/factsheet-multiple-cold-rolled-steel-flat-products-ad-cvd-final-072116.pdf

[9] WTO members voice concerns on transit restrictions, minimum import pricing measures / The World Trade Organization. April 15, 2016. URL: https://www.wto.org/english/news_e/news16_e/ good_15apr16_e.htm

[10] Kazakhstan negotiates lifting of ban on Ukrainian transit with Russia // Interfax – Ukraine. July 8, 2016. URL:http://www.en.interfax.com.ua/news/economic/355664.html

Partnership (TTIP). Both accords aim to set new rules to make it easier and fairer to trade and invest. The 12 Pacific Rim countries which negotiated TPP are in the process of ratifying it. In January 2017, President Donald Trump declared that the United States would not ratify TPP, muddying its future. U.S. absence from the TPP may ease China's efforts to gain support for its proposed alternative, the Regional Comprehensive Economic Partnership. Like TPP, RCEP would not include Russia. In November 2014 President Putin said that the absence of Russia or China in TPP would "not promote the establishment of effective trade and economic cooperation."[11] Prospects for TTIP are cloudier. If it succeeds, TTIP could be more important for Russia since its trade with Europe is so large.

Investment Climate Prices of tradable Russian equities are among the most under-valued in the world in terms of forward price/earnings ratios. This owes in part to high political and commercial risks in Russia, including sanctions, and the devalued ruble. Investors took advantage of the under-valuation in 2016, with the dollar-denominated RTS stock index rising by 52 percent over the year. Russian equities may become more attractive to U.S. investors if risks are reduced.

Investments are going ahead in some fields, such as agriculture and pharmaceuticals. U.S. technology companies, including some in Silicon Valley headed by Russian emigres, are finding Russia competitive for outsourcing, such as for software engineering. Possible opportunities open to the private sector up the value chain in extractive industries might attract U.S. and other foreign investment.

Still, U.S. investors are wary. In July 2016 the U.S. Department of State issued its annual country-by-country report on investment climates. The statement on Russia pointed to "high levels of uncertainty, corruption, and political risk, making thorough due diligence and good legal counsel essential for any potential investment."[12] The statement on Russia adds that "new laws in 2015 gave the Russian Constitutional Court new powers to disregard foreign arbitral decisions, while 2014 changes to the Russian high court have cast doubts on its ultimate autonomy. Russia's judicial system is heavily biased in favor of the state."[13] By comparison with the 1990s, Russian businesses are now far more sophisticated. An increasing number of large companies operate successfully on the international level.

A 2015 investment climate survey by Ernst & Young found mixed results. On the cautionary side, 77% of respondents lamented an unstable regulatory environment, and 90% saw the economic situation as challenging. On the positive side, 50% of respondents were optimistic about the future

[11] US seeks to create economic cooperation for its own benefit – Putin on TPP// RT. November 6, 2014. URL:https://www.rt.com/politics/official-word/202947-putin-china-tpp-usa/

[12] US Department of State, Bureau of Economic and Business Affairs // Investment Climate Statements for 2016. URL:http://www.state.gov/e/eb/rls/othr/ics/investmentclimatestatements/index.htm#wrapper.

[13] Ibid.

growth prospects for their industry, and over 50% said regional authorities were increasing efforts to improve the investment climate. Tax policies and practices attracted little criticism from respondents, and there were significant improvements in customs regulations.[14]

By some proxy measures, Russia's investment climate has improved. In the World Banks's Ease of Doing Business 2016 index which assesses business regulations in 189 countries, Russia ranks 51st from the top, a major improvement over its ranking ten years earlier, 79.[15] According to Transparency International's Corruption Perceptions Index for 2016, Russia ranks 131 from the top, in a field of 176 countries.[16]

Russia may be less attractive to foreign investors as economic growth slows and structural barriers remain, but more enticing because it has become far more competitive. The World Bank says that Russia's growth will "depend largely on structural reforms;" without "deep and sustained" reforms, it "will remain at serious risk of falling into a medium-term low-growth trap."[17] In September 2016, the World Economic Forum's *Global Competitiveness Report 2016-2017* offered insight into drivers of productivity and prosperity. Russia ranks 43, a rise of ten places from two years earlier, caused mainly by higher purchasing power parity following the floating of the ruble. This represents a huge gain from its rank ten years earlier, 125.[18]

The United States has Bilateral Investment Treaties with 42 countries. They help protect U.S. private investment abroad, encourage transparent, market-oriented policies in partner countries, and promote U.S. exports. BITs also provide some protection for foreign investors in the United States, e.g., against capricious actions by state and local governments. In June 1992 Russia and the United States signed a BIT. In 1993 the U.S. Senate assented to it but Russia's parliament has yet to do so. The model U.S. BIT has evolved since the early 1990s, but U.S. business may prefer the older version. In any event, if Russia and America were to negotiate a new text, a two-thirds vote in the U.S. Senate would be required to ratify it. Debate could become politicized and a positive vote would be uncertain.

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[14] Investment Climate in Russia: Foreign Investor Perception // Ernst & Young Valuation and Advisory Services, 2015. URL: http://www.ey.com/Publication/vwLUAssets/EY_report_-_Investment_climate_in_Russia_2015/$FILE/EY-Investment-climate-in-Russia_eng%20EY%202015.pdf.

[15] Doing Business, Economy Rankings / World Bank. URL:http://www.doingbusiness.org/rankings; Doing Business, Annual Report / World Bank, 2006. URL: http://www.doingbusiness.org/rankings;
URL: http://www.doingbusiness.org/reports/global-reports/doing-business-2006

[16] Transparency International, Corruption Perceptions Index 2016,
URL: https://www.transparency.org/news/feature/corruption_perceptions_index_2016.

[17] Hansl, B. Russia's recovery? In the long term, it depends on structural reforms / World Bank blog, Eurasian Perspectives. January 1, 2015. URL: http://blogs.worldbank.org/europeandcentralasia/russias-recovery-long-term-it-depends-structural-reforms; Hansl, B. How can Russia grow out of recession? / World Bank blog, Eurasian Perspectives. October 27, 2015. URL: http://www.blogs.worldbank.org/europeandcentralasia/how-can-russia-grow-out-recession.

[18] World Economic Forum, Global Competitiveness Report 2015-2016, Country Profiles – Russian Federation,
URL: https://www.weforum.org/reports/the-global-competitiveness-report-2016-2017;
World Economic Forum, Global Competitiveness Report 2006-2007, Country Profiles – Russian Federation,
URL: http://www3.weforum.org/docs/WEF_GlobalCompetitivenessReport_2006-07.pdf.

Money In November 2014 the Bank of Russia wisely floated the ruble, leading to a major devaluation.[19] Improved ruble stability is a positive factor for foreign investors. In February 2016, Russian Central Bank Governor Elvira Nabiullina said that U.S. Federal Reserve monetary policy "does not have such a direct influence on the Russian market. It is mediated through reactionary forces of emerging markets."[20]

Energy In 2016 Russia was the world's largest producer of crude oil (including lease condensate) and the third-largest producer of petroleum and other liquids (after Saudi Arabia and the United States), with average liquids production of 10.25 million barrels per day. In 2015 Russia was the second-largest producer of dry natural gas (second to the United States), producing 635 billion cubic meters, the lowest level since 2009.[21] ExxonMobil has partnered with Rosneft to explore for oil in the Kara Sea, and has an agreement to explore shale resources. These projects were suspended as a result of U.S. Donbas-related sanctions. ExxonMobil has exploration holdings in Russia of over 60 million acres.[22] An ExxonMobil affiliate operates Sakhalin-1, perhaps the most successful, huge foreign investment in Russia, and Chevron is a major investor in the Caspian Pipeline Consortium, which transports Kazakhstani oil to the Russian port of Novorossiysk. These activities are unsanctioned.[23]

Sanctions Following Russian actions in Crimea and Donbas, President Obama imposed sanctions that restrict the travel of certain individuals and officials; prohibiting refinancing of debt beyond 30-days for a number of banks (including Bank Rossiya, Rostec, Sberbank, SMP Bank, and VTB Bank) and four energy companies (Gazprom Neft, Novatek, Rosneft, and Transneft); suspend (EximBank and OPIC) finance for exports and economic development projects; prohibit support for deep-water, Arctic offshore, or shale oil projects in Russia; and restrict certain trade in defense articles.[24] There have been no prosecutions of U.S. firms for violating sanctions. Washington has stayed in close step with Brussels on sanctions matters.

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[19] Hille, K. Russia presses ahead with fully floating the rouble // The Financial Times. November 11, 2014. URL: http://www.ft.com/cms/s/0/0ca660e0-68bd-11e4-9eeb-00144feabdc0.html#axzz4Ce5F0ynX

[20] US fed has limited influence on Russian markets - Russian Central Bank Head // Sputnik. February 28, 2016. URL: http://www.sputniknews.com/russia/20160228/1035484356/us-federal-reserve-russian-markets.html.

[21] Tully, A. Russia continues to post record oil production // Oilprice. com. January 4, 2016. URL: http://www.oilprice.com/Latest-Energy-News/World-News/Russia-Continues-To-Post-Record-Oil-Production.html

[22] U.S. Energy Information Administration / Country Analysis Brief: Russia. October 25, 2016. URL: https://www.eia.gov/beta/international/analysis.cfm?iso=RUS;
Shishkin, P. U.S. Sanctions over Ukraine hit two Russian banks hardest // The Wall Street Journal. March 5, 2015. URL: http://www.wsj.com/articles/u-s-sanctions-over-ukraine-hit-two-russian-banks-hardest-1425597150;
Gronewold, N. Exxon Mobil takes a direct hit from Russia sanctions // Natural Gas World. September 23, 2014. URL: http://www.naturalgaseurope.com/exxon-mobil-russia-sanctions

[23] Chevron / Expansion boosts Caspian pipeline export capacity. February 2015. URL: https://www.chevron.com/stories/expansion-boosts-caspian-pipeline-export-capacity

[24] Reed Smith / Overview of the U.S. and EU Sanctions on Russia. October 2014. URL: https://www.reedsmith.com/files/Publication/9221cf81-e4f7-4907-ab2c-f7dc249eac58/Presentation/PublicationAttachment/441e0ec9-dbd8-4c3a-b1fa-0bf7ed4d5872/alert_14-255.pdf.

The Obama Administration, with help from U.S. business, averted efforts by some to put Ukraine-related sanctions into law. A January 2017 Senate bill with bipartisan sponsorship would do this, but its prospects are uncertain. Putting economic sanctions into law would erode their credibility. As with Jackson-Vanik sanctions, neither Russia nor U.S. business could be confident that if the reasons for the Donbas-related sanctions went away Congress would end them. To the effect this perception were to prevail in the Kremlin, U.S. sanctions would lose leverage.

With sanctions in effect, the U.S. Department of Commerce is unable to lead trade missions to Russia. Its Commercial Service offices in Moscow and St. Petersburg, however, continue to offer "a full range of services to assist U.S. firms interested in developing market opportunities or increasing their business in Russia."[25] The Commercial Service relies heavily on social media to communicate with Russian business audiences. The U.S.-Russia Business Council and the American Chamber of Commerce in Russia remain active. [26] In resolving business issues, much can be accomplished by working at the level of deputy ministers. If and when sectoral sanctions are lifted, major U.S. firms may be the only ones that will be able quickly to move capital into Russia. Private equity investors will see attractions in the low price/earnings ratios of many Russian enterprises. Doing "due diligence" remains a challenge.

Beyond legal sanctions, international investors see risk and uncertainty in a wider "grey area" of economic activity. For example, in February 2016, Washington warned U.S. investment banks not to help underwrite Moscow's first international sovereign bond offering since the integration of Crimea into Russia. The West was concerned that Moscow might divert some funds from the bond sale to sanctioned entities. Most Western banks in Russia are reducing operations or leaving. Even Chinese banks are wary about risks of compromising their larger interests in the West if they were to infringe sanctions or anti-money-laundering laws.[27] In September 2016, Russia's finance ministry fared better than the previous February; it placed on its own $1.25 billion in bonds on the open market, with Americans buying 53% and Europeans, 43%.[28]

The end of nuclear-related sanctions on Iran in 2015 offers a cautionary lesson. Their removal did not lead to early, substantial inflows of foreign investment, a surprise to Iran. A "multitude of business regulations --

[25] U.S. Embassy and Consulates in Russia / Foreign Commercial Service. URL: http://www.moscow.usembassy.gov/fcs; Export.gov / Welcome to the U.S. Commercial Service in Russia. URL: http://www.export.gov/russia

[26] Official web-site of U.S.–Russia Business Council. URL: http://www.usrbc.org/index.html; Official web-site of The American Chamber of Commerce in Russia. URL: http://www.amcham.ru/eng

[27] Courtney, W., Jensen, D. Russia's Great Power Choice // U.S. News and World Report. June 1, 2016. URL: http://www.usnews.com/opinion/articles/2016-06-01/russias-occupation-of-eastern-ukraine-is-hurting-its-world-power-status

[28] Lossan, A. U.S. and Europe scoop up $1.25 billion in Russian bonds // Russia beyond the headlines. September 27, 2016. URL: http://www.rbth.com/business/2016/09/27/us-and-europe-scoop-up-125-billion-in-russian-bonds_633593

182,000 by one minister's count -- stands in the way," as well as "residual sanctions, a shortage of project finance, and political risks."[29] A similar problem might occur in Russia if and when Donbas-related sanctions end.

Business Dialogue At present the U.S. government does not encourage commercial ties with Russia even though the business sector is critical to civil society in Russia. Business has become a more important channel for Russian-U.S. dialogue. The American Chamber of Commerce in Russia, the St. Petersburg International Economic Forum, and the U.S.-Russia Business Council are valuable venues for dialogue. In 2015 the U.S. government discouraged participation in SPIEF by U.S. CEOs; in 2017 the U.S. ambassador in Moscow was allowed to resume attendance. The Russian government tends not to be open to detailed consultations with foreign investors. A positive example comes from Kazakhstan: the American Chamber of Commerce in Kazakhstan holds monthly meetings and a panel of government ministers, chaired by the Prime Minister.[30]

Improving some key dimensions of Russian-U.S. economic relations, especially in finance and energy, will not be possible until Donbas-related sanctions are ended. If and when this happens, a high-level venue between the two governments could spur substantial commercial cooperation. During the "reset" the U.S.-Russian Bilateral Presidential Commission, with 19 disparate working groups, made modest headway. In the aftermath of the conflict in Ukraine, America temporarily suspended certain BPC activities.[31] Now that Russia faces steeper economic challenges, it might be willing to make better use of such a venue, and America may see it as a way to help stabilize a troubled overall relationship.

Regional and City Ties In 1973 the USSR Twin Towns Association and Sister Cities International met to discuss development of a sister city program. Numerous relationships now exist; ties among major cities include Moscow-Chicago, St. Petersburg-Los Angeles, and Nizhny Novgorod-Philadelphia. A sister city, county, or state relationship is a broad-based, long-term partnership, but is not focused on expanding economic opportunity.

Arctic The Arctic region holds potential for U.S.-Russian economic, scientific and environmental cooperation. At present, however, U.S. sanctions prevent U.S. firms from assisting in Russian Arctic energy development, and the United States is concerned about the lack of transparency in Russian military activities in the region. Arctic energy development is also slowed by the fall in world prices and by the decline in costs for other energy sources, e.g., tight oil in Western Siberia. On the positive side, cooperation through the Arctic Council, adherence to the limits of the UN

[29] Wilkin, S. Red tape, political risks could stall investment in Iran // Reuters. January 20, 2016. URL: http://www.reuters.com/article/us-iran-nuclear-investment-idUSKCN0UY1S8

[30] American Chamber of Commerce in Kazakhstan // Advocacy. URL: http://www.amcham.kz/advocacy

[31] U.S.-Russia Bilateral Presidential Commission / U.S. Department of State. URL: http://www.state.gov/p/eur/ci/rs/usrussiabilat/index.htm

Convention on the Law of the Sea (UNCLOS), and declarations by the five Arctic coastal states (Canada, Denmark, Norway, Russia, and the United States) committing them to settle boundary disputes diplomatically offer hope that the Arctic may remain an area for peaceful cooperation. U.S. ratification of UNCLOS would be an important, positive step.

OECD In 2007 the Organization for Economic Cooperation and Development approved a "roadmap to accession" for Russia, designed to help it address institutional and policy issues relevant to economic and social progress. In March 2014 in response to Russian actions in Ukraine, the OECD postponed activities related to the accession process.[32]

Near-term Recommendations (U.S. sanctions in effect)

Recommendation 1: To help stabilize overall ties and protect enduring commercial interests, the Russian and U.S. governments should encourage private business dialogue.

Recommendation 2: The Russian government ought to establish a mechanism to consult regularly with the AmCham, the U.S.-Russian Business Council, and U.S. businesses in Russia to address regulatory and other potential barriers to trade and investment.

Recommendation 3: Russia should take full advantage of WTO membership to improve trade relations with America in areas of importance to the Russian economy.

Recommendation 4: USDOC ought to consult regularly with Russia's government and industry on trade policy issues, including anti-dumping actions.

Recommendation 5: The U.S. Executive Branch and U.S. business community should continue strongly to oppose legal codification of Ukraine-related sanctions.

Recommendation 6: Russia should ratify the BIT signed in 1992, and both sides should begin implementing it in a timely fashion.

Recommendation 7: Russia and America ought to continue to work through the Arctic Council to facilitate peaceful cooperation and expanded economic opportunity in the region.

Longer-term Recommendations (After U.S. Donbas-related sanctions end)

Recommendation 8: Russia and America ought to create a Strategic Economic Commission to address broad policy matters relevant to advancing economic and commercial opportunity. Chaired at the ministerial and

[32] The Russian Federation and the OECD / Organisation for Economic Co-operation and Development. URL: http://www.oecd.org/russia/therussianfederationandtheoecd.htm; OECD suspends Russia accession talks while Moscow vows 'symmetrical' sanctions // Deutsche Welle. March 13, 2014. URL: http://www.dw.com/en/oecd-suspends-russia-accession-talks-while-moscow-vows-symmetrical-sanctions/a-17494773

cabinet secretary level, the Commission should collaborate closely with business leaders. It must not become another layer of bureaucracy, seek to resolve specific regulatory issues, or be captured by governmental or other favored interests.

Recommendation 9: U.S. Secretaries of Agriculture, Commerce, and Energy should lead trade and investment missions to Russia, and the Russian Ministers of Agriculture, Fuels and Energy, and Industry and Commerce should lead similar missions to the United States. The missions ought to have strong representation from business leaders.

Recommendation 10: Russian oblasts and U.S. cities and states ought to develop and reinforce direct ties aimed at boosting economic cooperation, especially between cities and regions that have similar or complementary economic profiles.

Recommendation 11: The United States together with the European Union should support resumption of Russian membership accession negotiations with the OECD.

Recommendation 12: The United States should keep Russia and the Eurasian Economic Union abreast of TTIP developments, and urge that they (and other countries as appropriate) be given observer status. If either seeks to join the Partnership and is prepared to accept associated obligations, the United States should be supportive.

Energy and Climate Change

Andrei Korneyev
Sarah Ladislaw

Russian and U.S. Interests in Energy and Climate Change

The United States and Russia are major producers and consumers of energy and have large trading relationships of significant regional and global importance. Despite past cooperation on energy issues and an apparent willingness of both the U.S. and Russian administrations to improve relations, today Russia and the United States face many significant obstacles to cooperation including the deep deterioration in political relations, sanctions that target the Russian oil and gas sectors, and differing geopolitical views. Like most countries, the United States and Russia face a similar energy objective: to balance the oftentimes competing and complex challenges of providing affordable, reliable/secure, and environmentally sound energy supplies. However, the imperatives to provide energy security, supply affordable energy, and combat climate change, and other environmental damage are viewed differently in each country, often leading to divergent policy and market decisions. Moreover, the underlying political economy of energy is different in each country. Russia's economy is deeply dependent on energy-derived revenues whereas the United States' economy is not. The U.S. energy sector is by and large run by private enterprise with very little government involvement whereas the role of state controlled energy companies is much greater in Russia. These differences only contribute to the divergent views and expectations that each country has for the performance and importance of their individual energy sectors as well as energy cooperation.

Despite these differences, maintaining energy cooperation between the United States and Russia has long been a priority for both countries but has fallen by the wayside in recent years. Even if political tensions prohibit strategic, high-level engagement on energy, it is worth maintaining cooperation on energy at the technical or scientific level in the interest of long-term diplomatic continuity.

History of Russia and United States Cooperation on Energy and Climate Change Issues

U.S.-Russia energy cooperation began as far back as the Cold War, and even as far back as the 19th century when Western businessmen assisted in the development of newly discovered oil fields in Baku. June 2016 marked the 60th anniversary of President Dwight D. Eisenhower's historic decision to fully endorse the recommendations of the National Security

Andrei Korneyev, Ph.D. (Econ.), Head, Center of Energy Security Problems at the Institute for the U.S. and Canadian Studies, Russian Academy of Sciences; RIAC expert

Sarah Ladislaw is director and senior fellow of the Energy and National Security Program at the Center for Strategic and International Studies

Table 1: Russian and US Membership in International Organizations for Energy and Climate

Organization	Major Meetings or Agreements
United Nations Framework Convention on Climate Change (UNFCCC)	Kyoto Protocol 1997, Copenhagen Agreement 2009, Paris Agreement 2015
Clean Energy Ministerial (CEM)	US 2010, UAE 2011, UK 2012, India 2013, South Korea 2014, Mexico 2015, US 2016
G20	Statement after 2016 G20
World Energy Council	Meetings and advisory reports from 1924 to Present
World Meteorological Organization (WMO)	Framework for international cooperation in the development of meteorology and operational hydrology and their practical application

Council (NSC) and being the development of bilateral scientific and technical information exchange with the Soviet Union and its allies. This initiative involved 17 areas of scientific and technical information exchange and expert visits in accordance with the project for easing international tensions that had been considered at the Conference of Foreign Ministers of the United States, France, the United Kingdom and the Soviet Union in 1955. It was in a similar vein that President Eisenhower made his famous "Atoms for Peace" speech at the United Nations General Assembly in December 1953. These initiatives, along with reciprocal decisions and actions taken by the USSR leadership, contributed to the subsequent creation of the International Atomic Energy Agency (IAEA) and the signing in 1968 of the Treaty on the Non-Proliferation of Nuclear Weapons (NPT).[33] Importantly, these decisions were taken at the height of the Cold War, and despite the high level of military and political conflicts between the United States and the Soviet Union.

Over the last decade, Russian and U.S. leaders have repeatedly confirmed their commitments to core principles, such as promoting global economic growth, investment in sustainable energy, a multilateral dialogue on energy interdependence especially in emergency situations, measures to increase energy efficiency and conservation, environmental responsibility, and reductions in energy poverty. Whether these international statements signal loose diplomatic agreement at best or something more enduring at their core, many of these agreements and fora are venues for continued communication between Russia, the United States, and other countries with shared interests.

The main elements of current U.S. and Russian energy and climate commitments were developed during the XXXII Summit of Heads of State and

[33] Hewlett, R.G. Atoms for Peace and War, 1953-1961. Berkeley, Calif.: the University of California Press, 1989. 696 p.

Government of the G8 in 2006, where under the consensus of the participants a final document on global energy security was adopted.[34] Today dialogue continues in the larger G20 body. Ensuring energy security is linked to overcoming industry-specific, as well as systemic and global problems. In order to solve these problems, long-term multilateral cooperation is required at the international level, not just in the energy sector. Among the criteria for improving energy security are: ensuring an uninterrupted energy supply; supporting a stable renewable resource base; improving the rate of development of related infrastructure, and environmental protection.

Energy security is closely linked to the two rapidly growing global threats: a widespread growth of geopolitical and geo-economic instability, and climate change. The former is characterized by political instability and outright conflict in some of the world's major oil and gas producing countries. This instability has been exacerbated in some countries by the effect of sustained low oil prices well below their domestic fiscal breakeven prices. Some of these countries were living well above their means during periods of high oil prices and so the oil price downturn has led to increased challenges to effective governance. On the other hand, managing global climate change requires planning for a future in which already existing impacts will affect society in increasingly disruptive ways, and attempting to thwart the most catastrophic effects of a changing climate will require large-scale changes to the global energy system to one that produces lower and eventually close to zero (or even negative) greenhouse gas emissions. Making the transition to a lower carbon future requires new investments in different energy systems, but also measures to ensure a robust and resilient energy supply in the conventional system while the transition is underway.

In 2010, the United States-Russia Expert Working Group on Energy and the Forum for Commercial Cooperation in the Energy Sector agreed on a joint action plan that identified areas for implementing projects to resolve energy problems in the 21st century. The plan envisaged the further development of dedicated U.S.–Russia cooperation in three areas: 1) energy efficiency and the development of renewable energy sources; 2) the development of innovative clean energy technologies; and 3) energy security. It was based on the need to develop specific projects in each country using the most advanced technologies to demonstrate the practical significance of the growth of energy efficiency in national strategies aimed at promoting innovations, improving energy management systems, reducing specific energy consumption cost indicators and cutting harmful emissions. The Working Group agreed on a seven-point structure of energy cooperation that hinged on technological development and information sharing.

[34] Global energy security: ensuring the effective, reliable and environmentally friendly energy supply. XXXII G8 summit. St. Petersburg, 2006. 11 p.

Special note was made of the fact that the accuracy and completeness of data on global energy resources, energy security monitoring indicators and energy supply and demand dynamics are crucial for the stable functioning of global energy markets to make a significant contribution to the development and prosperity of each country. As a part of this approach, the members of the Working Group agreed that conducting an ongoing open discussion and information exchange on national energy strategies and global energy resource markets ought to enhance each side's understanding of the partner's energy policy objectives and lead to the further growth of the practical benefits of cooperating in the energy sector.

Most recently in September 2015 at the 70th Session of the General Assembly of the United Nations, Minister of Foreign Affairs of the Russian Federation Sergey Lavrov said that Russia had more than fulfilled its obligations under the Kyoto Protocol, reducing emissions in the energy sector by 37 percent over the past 20 years (though many have pointed out this was due to the collapse of the post-Soviet economy rather than direct emissions reduction efforts).[35] As part of the 2015 Paris Agreement adopted at the recent 21st Conference of the Parties of the UNFCCC, Russia announced its intention to cut greenhouse gas emissions from the 1990 level by 30 percent in 2030. Similarly, the United States committed to reducing emissions from 2005 to 2025 by 26 to 28 percent.[36] Unlike Russia, which planned to ratify the Paris Agreement after 2020, the United States immediately expressed its readiness to join it at the executive agreement level of the president without going through a formal ratification process. Under the Trump administration, the US's commitment to the Paris Agreement is more tenuous, as Trump promised to pull out of the agreement during his campaign. President Trump's appointee for Secretary of State Rex Tillerson stated that the U.S. would be "better served by being at that table than leaving that table," when referring to the agreement. While the administration may not actively pull out of the agreement, it may not enforce it as strongly. To the extent the Trump administration's lack of emphasis on the importance of climate change persists, this may help bring the U.S. and Russian perspectives on energy into closer alignment – at least at the federal or national government level.

However, commitment to working on climate change issues has varied in both the United States and Russia, largely depending on executive leadership and global political dynamics. In the United States, the Clinton Administration and Obama Administration worked more actively than other administrations against climate change, signing major agreements like the Kyoto Protocol and Paris Agreement. The Obama Administration

[35] A comment information of the Press Department of the Russian Ministry of Foreign Affairs on the Russian approaches to the 21th session of the Conference of the Parties to the UN Framework Convention on Climate Change / Ministry of Foreign Affairs of the Russian Federation / the 11th Session of the Meeting of the Parties to the Kyoto Protocol. November 13, 2015. p. 1.

[36] Final draft of climate deal formally accepted in Paris // CNN. December 12, 2015. URL: http://www.cnn.com/videos/world/2015/12/12/climate-change-agreement-approved-paris-nr-sot.cnn

organized much of its energy policy under a climate change framework, launching early in its administration the Climate Action Plan which entails a range of efforts on clean energy deployment, emissions reduction, adaptation, and international climate leadership. As part of the Paris Climate Agreement, Russia pledged to reduce greenhouse gas emissions by 25-30 percent from 1990 levels by 2030, with broad discussions of cutting emissions by 70-75 percent of 1990 levels by 2030.[37] Russian actions transitioning away from fossil fuel use focus on nuclear power with current federal target program envisioning a 25-30 percent nuclear power share of total generation by 2030, 45-50 percent by 2050, and 70-80 percent by 2100, compared with an 11% of total power generation today.[38] While both countries could benefit from consistent implementation of a climate change policy and an increasing focus on both meeting their near-term goals and their approaches beyond 2030, the inclination of the Trump administrations to downplay the importance of climate change and to withdraw from the Paris climate agreement, suggests that this may not be an obvious area for cooperation for the time being.

The United States and Russia are the world's two largest natural gas producers and consumers. Given the aforementioned focus on climate change and energy security, both Russia and the United States could benefit from countries transitioning from oil and coal to lower emitting fuels like natural gas, as both countries have large natural gas reserves. Despite the natural interest that both countries could share in expanding the use of natural gas around the world, Russia and the United States act more like potential future competitors in the global gas market. Higher usage of gas, the expansion of the global gas market, and development of infrastructure serve both states. India is an excellent example, as an industrializing emerging market. If India opts to burn natural gas instead of coal, it could be a big win for climate change and the global gas market. However, the current impasse over European pipelines and crisis over Ukraine make it hard to see how natural gas use can be a near-term source of cooperation. Nevertheless, growing spot markets in pipeline and liquefied gas will affect the common export ambitions of both countries.

Challenges Facing Russia and the United States in Terms of Realizing their Interests in the Energy Sector and Climate Change

With high energy production, consumption, and export, Russia and the United States are consequential actors in the effective provision of global and regional energy security, the development of energy infrastructure, and in improving the legal and regulatory basis for increasing energy efficiency

[37] Unofficial English translation of Russia's submission to the INDC / INDC. April 1, 2015. URL: http://www4.unfccc.int/Submissions/INDC/Submission%20Pages/submissions.aspx

[38] Country Analysis Brief: Russia / U.S. Energy Information Administration October 25, 2016. URL: https://www.eia.gov/beta/international/analysis.cfm?iso=RUS.

in both the state and private sectors. Both countries have common concerns in the energy sphere and must deal with some of the same uncertainties:

- volatile prices for oil and other primary energy sources;
- the ever-changing demand for energy resources;
- the economic vulnerability brought on by high dependence of many countries and regions on energy imports and many other regions for energy export derived revenue;
- the demand for growing investments in all parts of the energy chain;
- the need to protect the environment and to address climate change;
- the high level of vulnerability of critical energy infrastructure facilities, and increasingly frequent natural disasters.

On many of these challenges, however, Russia and the United States face more obstacles to rather than opportunities for cooperation.

A significant obstacle to the further development of the Russia–U.S. energy cooperation is the rapid deterioration of political relations between the two countries. This has led to the U.S.–Russia Bilateral Presidential Commission and its working groups gradually curtailing their activities. In 2014, against the backdrop of the worsening situation in Ukraine and the subsequent introduction of anti-Russian sanctions by the United States and retaliatory economic sanctions by Russia, the activities of all commissions and working groups on energy were suspended at the initiative of the American side.

Despite the various geopolitical interests of the sides, the leadership of the two countries could make greater use of negotiating mechanisms to find compromise in order to prevent regional tensions from degenerating into harsh and unproductive political and strategic confrontations. *In order to find a way out of the current impasse in the future, it would be advisable to continue to develop U.S.–Russia energy cooperation on a less politicized basis, concentrating bilateral efforts primarily on specific mutually beneficial scientific, technical and methodological developments that are capable of providing real added value in the form of increased energy efficiency, greater fuel diversity, and improved environmental performance, consciously avoiding unproductive discussions with regard to possible contentious regional and geopolitical issues.*

Russia and the United States are faced with a number of largely similar problems with regard to ensuring that the majority of their common interests in energy and climate control in the medium and long term are met, and it is necessary for both countries to use their own scientific and technological innovations, as well as international experience. These problems include:

- improving energy efficiency measures and reducing energy intensity of the economy;

- ensuring adequate and reliable data for the economy and resource ownership and development;
- ensuring resource transparency and international comparability of national macroeconomic statistics;
- improving energy conversion technologies;
- and encouraging deployment of renewable energy.

The most important components of the extensive list of tasks that need to be carried out in order to ensure energy security are energy conservation, and the comprehensive enhancement of energy efficiency in economic systems.

The practical solution of these tasks should take the existing priorities of energy security in the domestic economic policies of both countries into account, and also comply with international standards and contribute to the further development of mutually beneficial international cooperation in the energy sphere.

Problems of Cooperation between Russia and the United States and Proposals for their Development

Short Term

Based on the estimates of the Center for Energy Security Problems at the Institute for the U.S. and Canadian Studies of the Russian Academy of Sciences,[39] there are many possible actions that would support the desirable future recovery and stepping up of activity of the US–Russia interagency expert working groups on energy issues, which have already shown themselves to be successful. The priority areas and projects of international applied technology cooperation in the short term include projects mostly in the science and technology field.

In the oil and gas industry, science and technology projects could include further research and development of LNG liquefaction and regasification technology, advanced seismic surveys and geological mapping, remote monitoring of pipelines, and dry fracturing technology for shale oil and gas, as well as further use of deepwater and offshore floating platforms, injection-based enhanced oil recovery techniques, horizontal and directional drilling innovation, and higher technology refining with absorption-gas fractionation plants, thermal cracking and coking capabilities. However, many of these science and technology projects which could move Russian and U.S. energy cooperation forward for the time being are prohibited by US sanctions against Russia. U.S. sanctions place an embargo on exports to Russia of designated high-technology oil exploration and

[39] Korneyev, A.V. The American strategy and tactics for the fuel and energy complex: current situation and prospects. Presentation at the Institute of Economic Forecasting of the Russian Academy of Sciences, Moscow, Russia. September 2014. 33 p.

production equipment, so private American companies cannot work with Russian companies to share or develop deepwater, shale or Arctic technologies. Despite these prohibitions, on the private sector side U.S. energy companies continue to operate in Russia on projects not effected by sanctions, and scientific research around energy efficiency and future technology could occur under the sanctions regime. Track two dialogues between academics and scientists will remain important in this respect.

Outside of oil and gas there are opportunities for cooperation in the power generation and renewable energy. In terms of power generation, research and development of adaptive power grids, and multilevel cogeneration will be important for future consistent and efficient power delivery. In terms of renewable and alternative fuel sources, like nuclear power, research and development of next-generation solar cells, more efficient battery technology, hydrogen fuel, and more efficient nuclear reactor designs and cooling technology can help these power and fuel sources become more economical and widely used.

Medium and Long Term

In the context of research and potential subsequent control of climate change, cooperation in the medium term and long term can be facilitated through science and technology projects, in the fields of chemistry, physics and engineering that create new tools for modelling and monitoring. Medium and long term actions and projects could include international monitoring and assessment of climate change and extreme weather, and computational modeling of future conditions and changes in the global bio-geochemical cycles and global climate. The United States and Russia could also promote projects to collaborate on next generation energy technology research in areas of mutual interest.

This integrated approach could provide the United States and Russia with relevant research data and stepping stones of pilot development projects for potential transition to revolutionary, innovative and competitive energy technologies of the future, whose design will most likely not rely on the evolutionary development of today's engineering systems, but will require additional non-linear cognitive transitions in the course of their introduction and assimilation.

The Arctic

Heather A. Conley
Andrei Zagorski

The Arctic is one of the few regions where cooperation between Russia and the United States (as well as other Arctic nations) remains largely shielded from the consequences of the recent deterioration in bilateral relations. Both countries' Arctic agendas are largely non-controversial and their interest compatible despite some differences of emphasis (Russia remains focused on economic development and the Obama administration has emphasized climate change and environmental protection).

Over the past two years, the U.S. and Russia have worked together and moved ahead on a number of issues, particularly securing progress in negotiating an international fisheries agreement for the Central Arctic Ocean, encouraging greater maritime safety (implementation of the International Maritime Organization's Polar Code), and the creation of the Arctic Coast Guard Forum established in 2015. Dialogue and cooperation within the Arctic Council has continued in a constructive spirit under the U.S. Chairmanship, not least as regards international scientific cooperation. The evolving and consensus-driven Arctic Council agenda clearly requires that member states deepen their cooperation to a new level in bilateral, regional, and broader international frameworks.

Although largely shielded, U.S.–Russia cooperation in the Arctic it is not entirely immune to the effects of the general deterioration of their relations even though the causes of the latter are not directly related to the region. Western sanctions imposed against Russia during the course of the Ukraine crisis have affected bilateral collaboration in the Arctic in a number of sectors, particularly energy development and security-related issues. Prior to events in Ukraine in the 2013–2014 period, the Arctic region experienced the knock-on effects of changes to Russia's domestic policy which precluded receiving Western funding to finance the activities of environmental and scientific research organizations in Russia and impacted the leadership of Russia's indigenous organizations. The deeply poisoned relationship and mistrust extend into the Arctic in a more general way which made progress on otherwise non-controversial issues more difficult, caused missed policy opportunities and hardened old fault lines inherited from the Cold War. Despite the fact that the U.S. Chairmanship of the Arctic Council (2015–2017) is generally appreciated in Moscow,[40] the deep mistrust between the two countries has prevented the U.S. and Russia from using the opportunity to enhance Arctic cooperation during this two-year chairmanship.

Heather A. Conley is senior vice president for Europe, Eurasia, and the Arctic and director of the Europe Program at the Center for Strategic and International Studies

Andrei Zagorski, Head of Disarmament, Arms Control and Conflict Resolution Studies at the Primakov National Research Institute of World Economy and International Relations (IMEMO) of the Russian Academy of Sciences; Professor of international relations at the Moscow State Institute of International Relations (MGIMO University); RIAC member

[40] Zhuravel, V.P. The Arctic Council: The US Chairmanship (first results) // Sovremennaya Evropa. 2016, № 2 (68), p. 20.

Debates over continued development of Russia's defense infrastructure and increased military activities challenge the vision of a low threat and stable environment for the Arctic. The danger of militarizing the region increases against the background of deep mutual mistrust, suspended military cooperation, lack of confidence building measures, transparency and inadequate military-to-military communications. In the mid- to long-term, the trend toward greater militarization of the region could be a result of increased Russian military presence and exercise activity in the Arctic region which could lead to heightened U.S. and other Arctic states' military and NATO exercise activity, particularly in the North Atlantic. This downward spiral can only be arrested if the two countries acknowledge these developments and show political will to address Arctic security issues cooperatively.

Despite these developments, the Arctic region has great potential for cooperation, not least bearing in mind that the need for practical collaboration among coastal states is essential. However, due to differing Arctic priorities, the relatively low importance the Arctic assumes on the U.S. national agenda and the much greater strategic importance Russia places on the Arctic, Arctic cooperation is unlikely to repair a severely damaged bilateral relationship. However, should the two countries embark on a path to repair their relations, the Arctic certainly would be an area where cooperative experiences can be accumulated to the benefit of the overall relationship.

This paper takes stock of U.S. and Russia's interests, challenges and opportunities for maintaining and consolidating a cooperative relationship in the Arctic and identifies particular issues which could and should be pursued in the near- (next three years) and mid-term (next five years).

Shared interest

Russia and the U.S. share common interests and challenges in the region but they differ on the order of priorities and on practical solutions to specific issues. Over the past several years, constructive bilateral and multilateral dialogues have significantly contributed to increasing convergence of their approaches to managing the region on the basis of the UN Convention on the Law of the Sea (UNCLOS) and other relevant international instruments within competent regional and wider international frameworks, such as the Arctic Council, the International Maritime Organization, and other forums.

National strategies of the two countries[41] reveal similar or compatible interests and priorities which include safeguarding national and homeland security, protecting the environment, responsibly managing Arctic

[41] Strategy for the development of the Arctic Zone of the Russian Federation and the Provision of National Security for the Period Until 2020. February 20, 2013.
URL: http://www.consultant.ru/document/cons_doc_LAW_142561; National Strategy for the Arctic Region / The White House. 2013. URL: https://www.whitehouse.gov/sites/default/files/docs/nat_arctic_strategy.pdf.

resources while advancing economic and energy development, improving community resilience, supporting scientific research, and strengthening international cooperation. While both the U.S. and Russia share similar interests, they have different strategies to achieve them.

Both define *national security* in the Arctic in terms of protecting sovereign territory and rights, as well as natural resources, while safeguarding *peace and stability* and keeping the region free of conflict. Both define the relevance of the region for their security interest primarily through the lens of maintaining global strategic (nuclear) stability rather than by conceptualizing it as an eventual conventional warfare theatre. However, while Russia has placed increased emphasis on the need to project sovereignty and enhance security in the Russian Arctic by increasing its defense and civilian budgets, the U.S. government assesses ongoing developments but does not yet see a need to invest in greater civilian or military infrastructure and assets in the Arctic although this policy has been questioned by Alaskan officials and some in the U.S. national security community.

Both countries are in the process of defining the extent of their sovereign rights in the Arctic through the *delineation of extended continental shelf*. While Russia has communicated its revised claim to the Commission on the Limits of Continental Shelf (CLCS) in August 2015,[42] the U.S. has yet to ratify UNCLOS and therefore cannot benefit from its established procedures and to maximize the legal certainty and secure international recognition of its sovereign rights despite gathering scientific data in preparation to submit its claims at some future point.[43]

Both countries commit themselves to *sustainable development* and responsible stewardship of the Arctic.[44] Here again, while both the U.S. and Russia share the same interests, the U.S. under the Obama administration focused its efforts and budget expenditures on scientific understanding, environmental stewardship and protection of the Arctic. Moreover, while there are several notable improvements in the Russian legislation and policies in order to minimize environmental impact, Russia prioritizes Arctic economic development.

Addressing *environmental and human security risks* by improving maritime safety, developing capabilities for search and rescue, preventing, containing and responding to eventual hazardous material spills, developing renewable energy resources, improving communication infrastruc-

[42] Partial Revised Submission of the Russian Federation to the Commission on the Limits of the Continental Shelf in Respect of the Continental Shelf of the Russian Federation in the Arctic Ocean. Executive Summary, 2015. URL: http://www.un.org/depts/los/clcs_new/submissions_files/rus01_rev15/2015_08_03_Exec_Summary_Russian.pdf

[43] National Strategy for the Arctic Region. 2013, p. 9. URL: https://www.whitehouse.gov/sites/default/files/docs/nat_arctic_strategy.pdf

[44] Strategy for the development of the Arctic Zone of the Russian Federation and the Provision of National Security for the Period Until 2020. Paragraph 4. URL: http://www.consultant.ru/document/cons_doc_LAW_142561/; National Strategy for the Arctic Region. 2013. URL: https://www.obamawhitehouse.archives.gov/sites/default/files/docs/nat_arctic_strategy.pdf; See also: The White House / Arctic Executive Steering Committee. 2015 Year in Review. Progress Report on the Implementation of the National Strategy for the Arctic Region, March 2016. URL: https://www.obamawhitehouse.archives.gov/blog/2016/03/09/advancing-implementation-national-strategy-arctic-region

ture and Arctic domain awareness and introducing integrated (ecosystems-based) management of Arctic maritime spaces is an increasingly important part of their policies. This space has witnessed the greatest institutional dynamism and has enjoyed strong U.S.–Russian bilateral cooperation. Both countries also underline the importance of *science* for developing a greater understanding of the region. Finally, both countries underscore that, while military threats in the Arctic remain relatively low, increasing challenges to human and environmental security can only be addressed through *cooperation*.

Both countries strongly emphasize the *centrality of the Arctic Council* as a major regional forum for dialogue, cooperation, and governance of the Arctic and the *responsibility of Arctic* ***states*** for the region's stewardship. However, there is a subtle difference between the two Arctic coastal states. Whereas Russia, with the largest terrestrial and maritime presence in the Arctic, has a strong national Arctic identify and seeks to address the issues of greatest interest to them by the five Arctic coastal states, as highlighted in the 2008 Ilulissat Declaration and the initial convening of the five states to discuss a moratorium on fishing in the Central Arctic Ocean which has since been expanded to include non-coastal states. Russia is active in enhancing economic opportunities in the Arctic and is increasingly concerned by the growing number of non-Arctic states active on Arctic issues. The United States, in contrast, has the weakest Arctic identity of the five coastal states and is supportive of multi-lateralizing issues with non-Arctic states. Thus, while both Russia and the U.S. agree on the Arctic Council's centrality, they have differing national instincts.

The U.S. and Russia have *no acute or potentially significant disputes* in the Arctic. Their *maritime boundary* in the Bering Sea was delimited in a 1990 Agreement and extends into the Arctic Ocean "as far as permitted under international law"[45]. The Russian Federation so far has failed to ratify the agreement but applies it provisionally and the boundary itself is not disputed. Not least, the Russian claim for extended continental shelf in the Arctic Ocean clearly identifies it as the line of delimitation with the U.S.[46] Although it is argued by Russian experts that there is no reason to further delay the ratification,[47] the current political climate does not appear to be conducive to ratification in the near- or mid-term. Some marginal Russian nationalistic voices suggest the demarcation agreement is excessively advantageous to the U.S. and have suggested that it should be re-examined. It is clear, however, that the ratification by the Russian Duma of the 1990 agreement will be an indispensable part of pursuing final delimitation and establishment of the outer limits of continental shelf

[45] Agreement Between the United States of America and the Union of Soviet Socialist Republics on the Maritime Boundary, Article 2. June 6, 1990. URL: http://www.docs.cntd.ru/document/901756969

[46] Partial Revised Submission of the Russian Federation to the Commission on the Limits of the Continental Shelf in Respect of the Continental Shelf of the Russian Federation in the Arctic Ocean. Executive Summary. 2015, p. 10.

[47] Zagorski A.V. et al., The Arctic. Proposals for the International Cooperation Roadmap / I.S. Ivanov, Editor-in-Chief, RIAC. Moscow, Spetskniga, 2012, p. 8, 27.

of Russia and the U.S. no later than after their claims have been examined by the CLCS.[48]

The single important disagreement between Russia and the U.S. in the Arctic is regarding the definition of the *legal regime of the straits* along the Russian Arctic coastline and is thus linked to the freedom of navigation – a key element of U.S. policy. Both the Northern Sea Route and the Northwest Passage have been declared as internal passageways by Russia and Canada respectively. The U.S. and other Arctic coastal states contend that these are international passages. However, this issue is likely to remain dormant in the longer run as long as Russia's right under UNCLOS Article 234 to maintain special rules of navigation in ice-covered waters remains undisputed and that commercial shipping activity remains subdued. However, the disagreement is reduced to the freedom of passage of U.S. warships – primarily that of U.S. submarines and some surface vessels although the U.S. Navy has no ice-capable surface warships.[49] It is an interesting legal footnote to consider in future decades and with the disappearance of Arctic sea ice predominantly over the Northern Sea Route whether Article 234 would be legally sustainable if there is in fact no ice-covered water for most of the year. The management of these issues will depend on the economic and geopolitical conditions in the 2040-2050 period.

While Russian and the U.S. interests in the Arctic are widely compatible and increasingly converge as a result of intense dialogue and cooperation in the past two decades, particularly within the Arctic Council, it is also important to note the *different relative importance* of the region for the two countries, and *differences in the prioritization of issues of common interests*.

While the U.S. Arctic territory is reduced to the non-contiguous state of Alaska, larger parts of the Russian Federation are located north of the Polar Circle while around two thirds of its territory find themselves in the permafrost areas. While less than 1% of U.S. GDP is generated in the Arctic, the Arctic zone of the Russian Federation generates 5.6% of the country's GDP, and this share is projected to grow to 14% in the longer run.[50] The Arctic already is an indispensable resource base and an export-generating region of Russia and its role in that regard is set to increase in the future.

About half of all Arctic inhabitants live in the Russian Arctic. Russian Arctic coastline extends to over 4,300 miles and is more than four times longer

[48] Partial Revised Submission of the Russian Federation to the Commission on the Limits of the Continental Shelf in Respect of the Continental Shelf of the Russian Federation in the Arctic Ocean. Executive Summary. 2015, pp. 11-12. URL: http://www.un.org/depts/los/clcs_new/submissions_files/rus01_rev15/2015_08_03_Exec_Summary_Russian.pdf

[49] Zagorski, A.V. International governance and potential conflicts. In Zagorski A.V. (Ed.). International Political Environment for the Development of the Arctic Zone of the Russian Federation. Moscow: IMEMO RAS, 2015, pp. 76–78.

[50] Zagorski, A.V. (ed.). International Political Environment for the Development of the Arctic Zone of the Russian Federation, pp. 13, 178. These figures are based on materials attached to the program of socio-economic development of the Arctic zone of the Russian Federation. The Russian State Statistical Committee, while in the process of recalculating data for the AZRF within its recently officially defined borders, estimates the AZRF contribution to the GDP of Russia in 2014 at 5,2%. See: Federal State Statistical Service / Calendar: Publication of official statistical information on the performance of the Strategy for the Socio-Economic Development of the Russian Arctic and Ensuring National Security. URL: http://www.gks.ru/free_doc/new_site/region_stat/calendar1.htm.

than the respective U.S. Arctic coastline. It is one reason why it is widely acknowledged that Russia's investments in Arctic infrastructure "reflect the region's [relative] centrality to its economy"[51]. Understandably, Russia prioritizes the implementation of ambitious plans for the economic development of its Arctic zone – both in the terrestrial, and increasingly so in the marine Arctic – as do several other Arctic nations while the U.S. focuses on conservation of the Arctic ecosystems, biodiversity, and environment. Intensive dialogue within and outside the Arctic Council remains instrumental for an increasing convergence of the policies of Arctic states although the structures within the Arctic Council are limited in what they can achieve. The need to pursue economic development through the application of the best available environmentally friendly technologies is indispensable for a responsible and sustainable development of Arctic resources.[52] The Arctic Council is slowly attempting to achieve this balance, yet it tilts toward environmental protection.

Challenges

Assessments of challenges to the national interests of Russia and the U.S. in the Arctic reflect the differences in the relative importance of the region and their priorities. While the U.S. emphasizes that "very real challenges" to its interest from the "rapid climate-driven environmental change" in the region, as well as "the opening and rapid development of the Arctic" as the sea ice diminishes,[53] the list of risks and threats perceived in Russia is much more elaborate[54] and is closely linked to the problems it encounters with the implementation of its ambitious plans for socio-economic development of the region.

The development of the Russian Arctic zone are affected, *inter alia*, by the extremely harsh climate; economically underdeveloped (or even non-developed) territories; low density of population and increasing deficit particularly of skilled labor force; low quality of life of indigenous population and insufficient supply of fresh water; remoteness of the region from industrial centers; high cost and long lead-time of developing mineral resources, as well as dependence of supply from other regions; high cost of transportation of extracted resources; critical state of infrastructure, deficit of state-of-the-art technologies for exploration and development of offshore hydrocarbon deposits; underdevelopment or lack of adequate transport infrastructure; very high energy intensity and low efficiency of

[51] Department of Defense / Report to Congress on Arctic Operations and the Northwest Passage. May 2011, pp. 9–10. URL: https://www.defense.gov/Portals/1/Documents/pubs/Tab_A_Arctic_Report_Public.pdf.

[52] Pelyasov, A.N., Kotov, A.V. The Russian Arctic: Potential for International Cooperation: Report No. 17 / 2015 / I.S. Ivanov Editor-in-Chief; Russian International Affairs Council (RIAC). Moscow: Spetskniga, 2015. URL: http://russiancouncil.ru/en/inner/?id_4=6389#top-content.

[53] The White House / National Strategy for the Arctic Region. Washington, 2013. pp. 2, 5, 11. URL: https://www.obamawhitehouse.archives.gov/sites/default/files/docs/nat_arctic_strategy.pdf

[54] Strategy for the development of the Arctic Zone of the Russian Federation and the Provision of National Security for the Period Until 2020. Part II, Main risks and threats, the purpose of the Strategy. URL: http://www.consultant.ru/document/cons_doc_LAW_142561

natural resources extraction; gaps in the hydrographic and meteorological services or mapping necessary for ensuring maritime safety; insufficient surveillance and domain awareness; inadequate communications; and the increasing industrial and anthropogenic impact on the environment, creating the danger of an irreversible degradation of both maritime and terrestrial environment in the Russian Arctic.

This daunting list of challenges to the development of the contemporary Russian Arctic zone is further complicated by the restrictions that result from western sanctions against Russia introduced in the course of the Ukraine crisis. Those of particular concern are extremely limited access to long-term financing, equity markets and deep water drilling technologies. While contemporary oil prices make exploration and development of Arctic offshore hydrocarbon resources economically unattractive at this time, exacerbated by the lack of capital, it has delayed investment projects in the terrestrial part of the Russian Arctic. Several attempts have been made to substitute Western investments with Asian partners. However, Chinese companies have been unable to provide technologies and expertise relevant for the development of resources in the Arctic and particularly Arctic offshore development.[55] The Yamal LNG Mega-Project, which has seen strong Chinese economic investment, has been the rare exception.

The debate over a pronounced increase in Russian military development and activities in the region has led to increased questions concerning the peace and stability of the region and heightened scrutiny by the U.S. related to Arctic security. Thus far, this debate has not caused the U.S. to increase its military presence in the Arctic but, with greater attention paid to Russian military modernization and security developments in the region, it is vital to redouble efforts to exercise restraint, transparency and confidence in all military activities as well as refrain from changes in U.S. and Russian force postures in the Arctic. There has been little substantive engagement in this space.

Opportunities

The agenda for Arctic cooperation is expanding which demands that countries in the region responsibly handle challenges generated by climate change and increased economic activities, such as growing vessel traffic, potential opening of new fishing grounds, challenges posed by eventual transnational illegal non-state-actors' activities, offshore exploration and extraction and shipping of mineral resources. As long as political relations between the U.S. and Russia remain strained, *relevant issues may be easier to pursue in appropriate multilateral frameworks rather than bilaterally by the United States and Russia.*

Issues on the agenda which offer opportunities for improved bilateral cooperation in the near- and mid-term include, inter alia: enhancing mari-

[55] Wu, K. Chinese perspective. In Young, O.R., Kim, J.D., Kim, Y.H. (Eds.). The Arctic in World Affairs. A North Pacific Dialogue on the Future of the Arctic. 2013 North Pacific Arctic Conference Proceedings. Seoul; Honolulu, KMI; EWC, 2013, pp. 190-198.

time safety in the Bering Strait and preventing marine pollution as vessel traffic in different parts of the Arctic increases; working together on the implementation of the Polar Code which entered into force on January 1, 2017; improving bilateral and multilateral (regional) cooperation and interoperability in search and rescue through the Arctic Coast Guard Forum, prevention of and preparedness and response to eventual oil spills; preventing unregulated (illegal) fisheries in the Arctic Ocean; and improving scientific cooperation.

While most of the issues on the agenda are not controversial between the U.S. and Russia, as well as other Arctic states, the benefits of enhanced cooperation can hardly be fully enjoyed if the security dilemma is permitted to re-emerge in the region, overshadowing all else.

Avoiding the security dilemma

While both the U.S. and Russia, like other countries, proceed on the basis that while no Arctic coastal state is likely to risk a military conflict in the region, "there remains a possibility that tensions could increase due to misperceptions and rhetoric"[56]. "Gradually escalating mutual fears"[57] or the misinterpretation of military developments and exercises or the increased risk of military accidents are identified as a potential source of risk and conflict in the Arctic.

The most important means to avoid the trap of a security dilemma against the background of increased national military capabilities and activities, increased environmental and human security challenges and global tensions not related to the region (Russian and U.S. strategic assets) is to *exercise restraint* in defense build-up and activities*, provide greater mutual transparency*, build trust, engage in confidence building measures and *strengthen cooperation in areas of civil-military relations, surveillance and domain awareness,* and over military activities and conduct joint exercises.[58] *Developing an appropriate regional security architecture would enable Arctic nations to cooperatively address their concerns,* so that, "should military security issues arise, they will be addressed with the appropriate stakeholders through the network of relevant bilateral and multilateral relationships"[59].

However, developing such cooperation and "networks of relevant bilateral and multilateral relationships" remains difficult to achieve in the current

[56] The United States Navy Arctic Roadmap for 2014 to 2030. February 2014. Chief of Naval Operations, 2014. pp. 14–15. URL: https://www.info.publicintelligence.net/USNavy-ArcticRoadmap.pdf. See also: Statement by Nikolay Patrushev, Secretary of the Security Council of the Russian Federation. August 20, 2016. URL: http://www.scrf.gov.ru/news/1125.html.

[57] Gallaudet, T. Capt. U.S. Navy Arctic Engagement: Challenges and Opportunities. Navy Task Force Climate Change, Office of the Oceanographer of the Navy, November 2010, p. 10.

[58] Depledge, D. Hard security developments. In J. Jokela (Ed.). Arctic security matters. EU ISS Report No 24. Paris, 2015, pp. 64, 66; In Zagorski, A.V. (Ed.). International Political Environment for the Development of the Arctic Zone of the Russian Federation, pp. 122.

[59] Report to Congress on Arctic Operations and the Northwest Passage / Department of Defense. May 2011. p. 10. URL: http://www.defense.gov/Portals/1/Documents/pubs/Tab_A_Arctic_Report_Public.pdf

political climate. The rudimentary Arctic security architecture that began to take shape earlier in this decade, first and foremost in the form of annual meetings of Defense Chiefs of Arctic Council member states, Arctic Security Forces Roundtable, or joint naval exercises with the participation of Russia, has proven to be the most vulnerable construct after almost all defense relevant avenues for dialogue, communication and cooperation were suspended in the course of the general deterioration of Russia-West relations over the Ukraine crisis.[60] The suspension of military-to-military cooperation with Russia "may be further prolonged, and could possibly become 'the new normal' in the Arctic.[61]

There are open channels of communications between Russia (FSB) and the U.S. Coast Guard (District 17) at the regional level. These are available for emergency operations although they remain primarily focused on law enforcement measures rather than defense[62]. Other avenues for cooperatively addressing relevant military security issues need to be explored. One way to *improve security-related military-to-military communications* would be to develop standardized procedure for communicating the movement of military assets and increasing transparency and notification of military exercises in the Arctic. It would also be important to increase the transparency of the use of military assets when dealing with natural disasters or other non-military security developments in order to prevent misunderstandings that can arise from rapid deployment of assets during emergencies.[63] An institutional structure should be created based on combining the OSCE security, transparency and confidence building principles with elements of the bilateral 1972 Prevention of Incidents on and Over the High Sea (INSEA) Agreement which could form the basis of early bilateral discussions.

The gap in communication and trust that has been exacerbated by the suspension of military-to-military cooperation can also be partially filled by establishing a Track 1.5 dialogue – which includes participants from the eight Arctic Council members and attended by both experts and government officials at appropriate levels for off the record conversations, the development of new proposals and frank exchange.

Maritime safety and prevention of marine pollution from ships

Addressing challenges that arise from observed and anticipated intensification of vessel traffic in various parts of the Arctic Ocean, ensuring

[60] Depledge, D. Hard security developments. In J. Jokela (Ed.). Arctic security matters. EU ISS Report No 24. Paris, 2015, p. 65; Klimenko, E. Russia's Arctic Security Policy. Still quiet in the High North? SIPRI Policy Paper 45, February 2016. p. 30; Zagorski, A.V. Russia's Arctic governance policies. In Jacobson, L., Melvin, N. (Eds.). The New Arctic Governance. Oxford, Oxford University Press, 2016, p. 99–101.

[61] Depledge, D. Hard security developments. In J. Jokela (Ed.). Arctic security matters. EU ISS Report No 24. Paris, 2015, p. 65.

[62] Eckstein, M. Zukunft: Arctic Coast Guard Forum Supports Positive Relationship With Russian Counterpart / U.S. Naval Institute. June 13, 2016. URL: https://www.news.usni.org/2016/06/13/zukunft-arctic-coast-guard-forum-created-positive-relationship-russian-counterpart.

[63] Collins, J.F., Sfraga, M., Virginia, R.A. and Yalowitz, K.S. Arctic Council Initiatives to Sustain Arctic Cooperation. p. 2.

appropriate implementation of the Polar Code provisions which entered into force in 2017 requires enhanced cooperation of interested parties in both bilateral and multilateral formats.

Apart from the need to harmonize the obligations of all Arctic states under relevant protocols and annexes to the SOLAS[64] and MARPOL[65] conventions through which provisions of the Polar Code are made mandatory (not all Arctic states are parties to all relevant instruments under the two Conventions), the U.S. and Russia have a common interest to ensure that all vessels covered by those instruments comply with mandatory rules for shipping in ice-covered Arctic waters.

Although the primary responsibility rests with the flag states for the implementation of the Polar Code, Arctic coastal states can contribute to its implementation through *enhanced cooperation as regards surveillance and exchange of relevant vessel traffic information* in order to improve *collective domain awareness*. First steps made in this direction within the Arctic Coast Guard Forum are important but remain insufficient. Institutionalizing this cooperation by *establishing a joint center that would serve as a clearinghouse for information exchange and coordination could be a mid-term objective* leading to the *development of an integrated system of surveillance and domain awareness in the marine Arctic* linking all relevant agencies of the Arctic states.

Another challenge of ensuring that all flag states comply with the mandatory provisions of the Polar Code is the appropriate integration of its provisions into the port state controls practices in non-Arctic states where eligible ships make their last call on their voyage to the Arctic. This task is more complex and demands more than existing port state controls after an examination of a vessel's fitness for an Arctic voyage and a review of its ice class certification for anticipated weather and ice conditions in a specific part of the Arctic Ocean during a specific period of time.

Meeting this challenge would require enhanced cooperation, information exchange and communications between coastal and relevant non-Arctic states. The Arctic Council may be a venue for considering appropriate avenues for addressing this challenge, *inter alia*, through establishing a specific task force, which may lead towards the development of an *Arctic Port State Control Memorandum* which would include all relevant interested parties and spell out protocols for communication and cooperation among them.

The U.S. and Russia should initiate an intensified dialogue on creating a bilateral vessel-traffic management scheme for the Bering Straits.

[64] International Convention for the Safety of Life at Sea (SOLAS) / International Maritime Organization. November 1, 1974. URL: http://www.imo.org/en/About/Conventions/ListOfConventions/Pages/International-Convention-for-the-Safety-of-Life-at-Sea-(SOLAS),-1974.aspx.

[65] International Convention for the Prevention of Pollution from Ships (MARPOL) / International Maritime Organization. November 2, 1973. URL: http://www.imo.org/en/About/conventions/listofconventions/pages/international-convention-for-the-prevention-of-pollution-from-ships-(marpol).aspx.

This could be a pilot location for the establishment of an Arctic marine exchange-clearing house, particularly as the Bering Strait gradually becomes a bottleneck for vessel traffic between North Pacific and the Arctic. This could be developed bilaterally and introduced to the IMO at a later stage. In 2011, the Presidents of Russia and the U.S. declared "an intention to deepen cooperation" between the two countries "in the cross-boundary Bering Strait region"[66]. Although a number of practical proposals as regards possible measures regulating vessel traffic in the strait have been elaborated, [67] Russia and the U.S. have not moved much beyond this general statement.

Search and rescue, oil spill prevention, preparedness and response

Working on practical aspects of search and rescue (SAR) and oil spill preparedness and response in the Arctic bilaterally and multilaterally would strengthen implementation of the aeronautical and maritime search and rescue (2011) agreement, the marine oil pollution preparedness and response (2013) agreement, and the Framework Plan for Cooperation on Prevention of Oil Pollution from Petroleum and Maritime Activities in the Marine Areas of the Arctic (2015). There is urgency to this task; recently U.S.-hosted Arctic SAR exercises revealed important gaps in the practical cooperation of relevant national agencies.[68] It is also *important that Russia more actively takes part particularly in multilateral exercises,[69] not least taking into consideration that Russia is a key SAR and oil spill response provider in the region from the viewpoint of its relevant capabilities. Russia and the U.S. may also consider developing bilateral SAR and disaster prevention and preparedness cooperation in the Chukchi Sea* building upon close cooperation between the Russian border guards and the U.S. Coast Guard's District 17 in the Bering Sea.

Fisheries

Russia–U.S. talks about a new bilateral fisheries agreement covering the Northern part of the Bering Sea turned out to be a protracted despite ongoing cooperation based on the 1988 fisheries agreement as well as

[66] Joint Statement of the Presidents of the United States of America and the President of the Russian Federation on Cooperation in the Bering Strait Region. May 26, 2011. URL: http://www.en.kremlin.ru/supplement/938.

[67] See, inter alia: Rufe, R., Huntington, H. Bering. Strait Shipping: Towards a Bilateral Approach // The Arctic Herald. Information & Analytical Journal, 2016, No 1 (16), pp. 28–35; McKenzie, J., Klarich, S., Ardrey, C., Lagor, K. The Bering Strait: Reducing Risk Through International Cooperation and Capability Improvements. Brown University Watson Institute for International and Public Affairs; United States Coast Guard Academy Center for Arctic Study and Policy; World Wildlife Fund Arctic Program, 2016.

[68] Merten, A.A. Circumpolar collaboration search and rescue (SAR). Presentation. Senior Arctic Officials Fairbanks Meeting, March 16, 2016. p. 5.

[69] Russia stayed away from the October 2015 Arctic Zephyr international Arctic Search and Rescue table-top exercise at the University of Alaska, Anchorage, but observed, as did other Arctic Council member states, the US-led Arctic Chinook SAR exercise in August 2016. See: U.S. Coast Guard and federal partners lead Arctic Search-and-Rescue Exercise, U.S. Coast Guard Headquarters News Release, October 28, 2015; Россия проследит за арктическими учениями США //Arctic-Info, August 23, 2016. URL: http://www.arctic-info.ru/news/23-08-2016/rossiya-prosledit-za-arkticheskimi-ucheniyami-ssha.

on the 1994 Multilateral Convention on the Conservation and Management of Pollock Resources in the central Bering Sea which has proven to be extremely positive and productive. This is true not least with regard to conducting joint research of biological resources and developing of a common database. This experience encouraged experts to suggest that Russia and the U.S. extend this cooperation into the Chukchi Sea.[70] However, taking into account the protracted nature of the ongoing negotiations and the current bilateral political climate, a break-through on those issues is unlikely in the near-term.

At the same time, the discussion of *preventing unregulated fishing and developing scientific cooperation in the central part of the Arctic Ocean* beyond national fisheries jurisdictions of coastal states revealed remarkable progress in the last two years. Despite repeated delays in implementing the road map agreed upon in 2014 shortly before the outbreak of Ukraine crisis, in summer 2015 five coastal states issued a declaration laying out their approach to addressing the problem[71] and paved the way for opening the discussion to non-Arctic stakeholders (EU, Iceland, China, Japan and Republic of Korea) beginning from December 2015.[72]

Taking into account the history of discussing the issue among the five coastal states, and the introduction of new countries, it is difficult to anticipate a finalization of the negotiation of an instrument on international fisheries in the Central Arctic Ocean in the near term. With strong U.S.–Russian leadership, it could probably be finalized in the medium-term.

Scientific cooperation

In 2016, the Arctic Council Task Force for Enhancing Scientific Cooperation in the Arctic (SCTF), co-chaired by Russia and the U.S., made an important step forward by reaching *ad referendum* agreement on a new Agreement on Enhancing International Arctic Scientific Cooperation. After having passed through appropriate national procedures, the Agreement was signed at the Arctic Council meeting on 11 May 2017. [73] This is a third legally binding instrument negotiated under the auspices of the Council. Though designed around a mutually acceptable compromise, the agreement raises expectations to improve the way scientists and material have access throughout the Arctic by removing or easing at least some of existing barriers to international scientific research.

[70] Discussion at the 2013 Russian International Affairs Council International Conference. "The Arctic: Region of Cooperation and Development held in Moscow", December 2-3, 2013.

[71] Declaration Concerning the Prevention of Unregulated High Seas Fishing in the Central Arctic Ocean. Oslo, July 16, 2015. URL: https://www.regjeringen.no/globalassets/departementene/ud/vedlegg/folkerett/declaration-on-arctic-fisheries-16-july-2015.pdf.

[72] Meeting on High Seas Fisheries in the Central Arctic Ocean: Chairman's Statement. 27.03.2017. URL: https://www.state.gov/e/oes/ocns/opa/rls/269126.htm.

[73] Agreement on Enhancing International Arctic Scientific Cooperation. 11.05.2017. URL: https://www.oaarchive.arctic-council.org/handle/11374/1916.

Recommendations

Given the current strained relationship, it is realistic to expect that particularly in the near term Russia–U.S. cooperation on Arctic issues is easier to advance within multilateral frameworks, such as the Arctic Council, International Maritime Organization, or ad hoc forums, rather than through bilateral avenues due to increasing political constraints on U.S. organizations in cooperation with Russian institutions. Based on the above review of issues on the Russia–U.S. Arctic agenda, the following steps can be recommended to be taken in the near- and mid-term, bearing in mind that progress in the mid-term is likely to largely depend on progress in normalizing Russia–U.S. relations in general.

In the near term

Preventing (re-)emergence of security dilemma in the Arctic, maintaining a region of peace and stability rather than of conflict and arms race *is a matter of urgency*. For this purpose, all Arctic states should *exercise restraint in developing their Arctic defense postures*, provide greater transparency of their military activities in the region, build trust and cooperation in areas of civil-military relations, surveillance and domain awareness, over military activities, conduct joint exercises. Appropriate military-to military communications should be restored in order to minimize, or remove the risk of misinterpretation of military activities in the region particularly during emergencies. As long as the security architecture in the region finds itself in paralysis, intensive track 1.5 dialogue should be initiated, for instance, in form of an *Arctic Security Roundtable or Conference* attended by both experts and government officials at appropriate level for off-the-record conversations and exchange.

With the Polar Code now in force, Russia and the U.S., together with other Arctic states, should *consider appropriate measures to ensure compliance by all states*. Within the Arctic Coast Guard Forum, Russia, the U.S. and other Arctic nations should consider appropriate steps to develop cooperation and information sharing in order to advance collective domain awareness in the Arctic. The Arctic Council may decide to establish a Task Force to consider appropriate mechanisms for cooperation between member and observer states enabling their port state control systems to absorb the requirements established by the Polar Code for ships on the voyage into Arctic ice-covered waters. Designing a new Arctic Memorandum on port state controls including all member and observer states could be one option under consideration.

In the mid-term

In order to enhance maritime safety in the Bering Strait, Russia and the U.S. should jointly consider introducing voluntary vessel traffic rules in the Bering Strait with the view to submitting them to the IMO at a later stage.

The U.S. and Russia should explore the establishment of a regional joint center for exchange of information relevant for improving collective domain awareness in the Arctic Ocean.

Russia and the U.S. should develop specific bilateral cooperation on search and rescue, as well as on disaster prevention, preparedness and response in the Chukchi Sea.

They should finalize the bilateral negotiation of a new fisheries agreement covering the Northern part of the Bering Sea, and the possibility of extending well-functioning cooperation in the Bering Sea into the Chukchi Sea as well.

Russia and the U.S. should jointly explore the development of a new multilateral instrument to prevent unregulated and illegal (UUI) fishing and developing scientific cooperation in the central part of the Arctic Ocean beyond national fisheries jurisdictions of coastal states, and work toward the finalization of this negotiation within a reasonable timeframe.

Euro-Atlantic Security

Lynn Davis
Mikhail Troitskiy

Contradictions between the United States and Russia on the post-Cold War security architecture in Europe and the difference in their approaches to conflicts across post-Soviet Eurasia largely define the current adversarial relationship between Washington and Moscow. Over the last quarter-century, most of the attempts at building cooperative frameworks in other areas of that relationship, such as arms control, non-proliferation, the fight against violent extremism, or cyberspace governance, have foundered on the clashing approaches towards Euro-Atlantic security and post-Soviet Eurasia.

Key Differences

From the U.S. perspective, stability and security in Europe is threatened by Russia's illegal annexation of Crimea and direct support of the separatists in eastern Ukraine. Russia's actions have destroyed the West's post-Cold War vision of a Europe whole, free and at peace. The possibility of integrating Russia into Euro-Atlantic institutions seems to have been lost. The United States and others in Europe have responded with economic sanctions on Russia and increases in NATO military activities, including the forward presence of military forces in the Baltics and other countries in Eastern Europe. The aim is to make Russia pay for its aggression, deter plausible future Russian coercion and threats, provide reassurance for NATO's eastern members, and help support the security of non-NATO states such as Ukraine. Washington insists that in order to set the stage for more cooperation between Russia and the West in the future there needs to be a sustainable settlement of the conflict in eastern Ukraine.

From the Russian perspective, the contradiction with the West over Crimea and eastern Ukraine is just an episode – however dangerous and dramatic – in the long-standing conflict over Russia's rightful place in the Euro-Atlantic security architecture. At the core of that conflict is the difference between Moscow and Washington's interpretations of Russia's legitimate role in its neighborhood. Russia believes that it is entitled to a role in the neighbor's politics and influence on their foreign policy orientations, while the United States insists that Russia should not have any more say on the affairs in and around post-Soviet Eurasia than any other country. Suspicions permeate the relationship, with Washington suspecting that Moscow aims to build a Russia-centric economic and defense alliance in the South Caucasus and Central Asia in order to thwart democratization and market reforms in those countries that from the U.S. perspective could naturally bring them closer to the European Union and NATO. In its

Lynn Davis is a senior fellow at the RAND Corporation.

Mikhail Troitskiy is an associate professor in the Department of International Relations and Russian Foreign Policy at the Moscow State Institute of International Relations and a RIAC expert.

turn, Russia claims that the United States seeks to subvert regimes in post-Soviet Eurasian countries in order to install pro-American (that is, inherently anti-Russian) governments.

The second source of contention between Washington and Moscow which, from the Russian perspective, has a direct bearing on Euro-Atlantic security has been centered on NATO policies and Russia's relations with NATO. Russia's opposition to NATO enlargement to Central, Eastern, and Southern Europe was simmering since the mid-1990s, but became dramatic in the aftermath of the February 2014 coup in Kiev. The Kremlin has repeatedly claimed (without presenting clear evidence) that the ousting of the Ukrainian president was orchestrated by the U.S. government. Top Russian officials have also cited the alleged threat of Ukraine acceding to NATO and/or offering the naval facilities in Crimea to the North Atlantic alliance as a major reason for taking over the peninsula. The South Ossetia war of August 2008 is broadly assumed to have been fought by Russia to prevent Georgia from restoring its territorial integrity by force and fast-tracking into NATO.

In their turn, the United States and NATO countries denied any involvement in the sequence of events that in February 2014 led to a change of government in Kiev. They see integration as a path to stability and collective security in Europe and declare their commitment to keeping NATO's door open to all European democracies which share the values of the Alliance and which are able to assume the responsibilities of membership. They caution, however, that membership in NATO is not automatic and is not going to occur unless it contributes to the security of the alliance.

Two tactical contradictions stand out as prone with risks of further deterioration in the relationship.

First, both Washington and Moscow have expressed support to the Minsk Protocols on conflict settlement in eastern Ukraine. The Protocols were signed by the leaders of Russia, Ukraine, Germany, and France in February 2015. However, their practical implementation remains a source of controversy. From the perspective of the United States and its allies in Europe, withdrawal of "foreign mercenaries" from eastern Ukraine and demobilization of the local militias must happen before or at least simultaneously with the devolution of power to this region by Kiev and internationally monitored elections.

In its turn, Moscow has criticized Kiev for its unwillingness immediately to grant the separatist areas a "special status" that would *inter alia* allow the separatist authorities effectively to remain insulated from Ukraine's political system. From Russia's perspective, that must precede any election under Ukrainian law in Donbas. Moscow has called "non-negotiable" the status of Crimea as part of the Russian Federation and even hinted that nuclear weapons can be deployed in the region to counter potential attempts to return Crimea to Ukraine by force.

Second, since 2014 NATO has decided to deploy additional contingents and capabilities in the Baltic States, Poland, and Romania, while Moscow has staged close flyovers of U.S. navy ships, conducted risky intercepts of U.S. and allied military aircraft in the Baltic and Black seas, and announced its own major military deployments in the western part of Russia.

Continuing skirmishes and shooting incidents along the line of control in Donbas as well as recurrent military buildups involving naval and air units and the accompanying rhetoric on both sides further exacerbate tensions and keep open the possibility of a large-scale conflict in Ukraine. Yet progress in Euro-Atlantic cooperation between the United States and Russia is unlikely to be achieved without a willingness on the part of every stakeholder in the Donbas conflict to commit to a permanent ceasefire and withdrawal of troops and heavy weapons from the conflict zone in return for Ukraine's political reforms.

The Way Forward

Is there a path to increasing cooperation between Russia and the West, while recognizing that the fundamental differences are not going to subside any time soon? It would take a significant amount of political will to turn around the existing trends and commit to rebuild the severely damaged U.S.-Russia relationship in Europe and post-Soviet Eurasia. Mobilizing the political will would require a strong argument in favor of an improved relationship. Such an argument today can be focused on the significant price that the two sides, as well as many other nations, are paying for their standoff on European security issues.

Russia is engaged in a major defense buildup aimed at matching or asymmetrically responding to the United States and allied advances in military technology. It costs Russia about 4 percent of its GDP – a heavy burden amid continuing economic downturn, drop in the living standards, and shrinking healthcare budgets. A significant part of the military expenditure is driven by the view of the United States as Russia's main antagonist keen on exploiting Russia's weaknesses across the board. Sliding into an unaffordable arms race with the United States is a clear risk for Russia.

By positioning itself as a rival to the United States in the Euro-Atlantic area and beyond, Russia is also missing the chance to reverse its economic downslide by tapping U.S. capital and technology. Recent research shows that economic ties can neither thrive between rival nations, nor serve as a basis for resolving major political contradictions. Trade and investment do not take off until security differences are duly addressed. A vivid example of that rule is provided by the record of Russia's own reconciliation and alliance-building with China that steadily advanced over the late 1980s and the 1990s.

For the United States, there are fewer economic consequences of the current situation, but Washington's ability to maintain a unified approach

with the EU on sanctions and other retribution measures against Russia is being tested. Major NATO allies, such as Italy and France, as well as some Asian nations allied with the U.S. – primarily, Japan and South Korea – have expressed interest in reconciling with Russia and lifting the sanctions that the United States views as the main instrument to compel Russia to restore the territorial integrity of Ukraine. Russia is also having some success in supporting nationalist and isolationist groups so as challenge the trust of European citizens in their governments and EU authorities. Countering Russia's message and actions will not be without cost to the United States and European governments.

NATO efforts to respond to Russian actions in Ukraine have widespread support, and these seem to be reassuring the countries of Central, Eastern, and Southern Europe The additional defense expenditure (around $4.2 billion) that the United States is planning to counter Russia is small by comparison to the size of the U.S. defense budget, but there are opportunity costs for other U.S. defense requirements.

Recommendations

The current situation in the relationship between Russia and the U.S./NATO is not conducive to building cooperation, but it does call for steps to alleviate immediate concerns and set the stage for resolving the major differences with time – provided both sides abide by certain rules and meet certain conditions. The two countries could also begin to work on defining what the idea of a common Euro-Atlantic home or new security structure in Europe might look like over the long term, which could preserve peace, security, and prosperity in Europe; alleviate Russia's security and economic concerns along its periphery; and sustain United States interests throughout Europe.

To achieve these goals, a series of steps listed in the order of urgency are recommended to the Washington and Moscow.

First, measures must be undertaken to reduce the possibility of a tragic accident, such as a mid-air collision between a U.S./NATO and a Russian aircraft, starting with discussions on potential "rules of the road." Refraining from brinkmanship or otherwise provocative behavior that may result in such an accident will prove difficult in the short term because of both sides' determination to stay the course: for the United States to assert its military presence in the regions around Russia, and for Moscow – to raise the uncertainty surrounding its response. However, even in that case arrangements must exist to prevent an accident from escalating into a full-scale confrontation between the U.S./NATO and Russia.

Second, the sides will need to address the most pressing dispute around Ukraine. This is an issue that Russia and the United States cannot resolve but will require the agreement of Ukraine and the EU. To prevent rapid escalation and keep up hope of a future settlement, all sides in the dispute

should exercise restraint and continue negotiations in all possible formats, including the Normandy format, bilateral U.S.-Russian talks, and direct engagement between Kiev and Moscow. Commitment to a negotiated solution should be preserved and guaranteed by the intermediaries – Germany, France, and the United States. The Ukrainian and Russian governments as well as the separatist authorities in Donbas should be discouraged by all means possible from resuming armed hostilities. For that, the United States and the European Union will need to demonstrate a coordinated approach, while Russia and Ukraine will be required to advance in good faith on the way towards conflict settlement. A potential solution to this conflict could involve withdrawal of all foreign armed contingents from eastern Ukraine, re-integration of these regions into Ukraine's political and economic space, steps toward local rule and guarantees against blanket prosecution of former separatist activists, and Ukraine's credible pledge not to seek membership in NATO.

Third, both sides should use every opportunity to emphasize, at the highest possible level, that they do not see their conflict as inherent in the relationship, inevitable, or perpetual. This would help to avoid institutionalizing the conflict by structuring U.S. and Russian government bureaucracies for strategic rivalry between the two countries. Once in place, such structures would create significant inertia and vested interests in conflict even after its sources objectively disappear. Selective cooperation will soon prove to be impossible once the government apparatuses are fine-tuned to oppose each other.

Fourth, Washington and Moscow should look for opportunities to send each other credible signals reducing the uncertainty that surrounds their mutual intentions. A substantive discussion must be started on the ways to alleviate the biggest concerns with these intentions. Moscow would be advised to downscale its effort to instigate an internal cohesion crisis in transatlantic relations and within the European Union. A credible signal to that effect would be a turn of the Russian state media towards arguing that Russia's economic and political future is inextricably linked to prosperity of the Euro-Atlantic community. In its turn, the United States should consider making a vocal commitment to complete Russia's integration into the Euro-Atlantic community once trust between Russia and the Euro-Atlantic community is restored.

Finally, Russia and the United States should make clear their approaches to relations with post-Soviet Eurasian countries and then attempt to find a *modus vivendi* with those nations that would be acceptable to Washington, Moscow, and the states aspiring to join NATO and the European Union. One possible way ahead could be based on Russia's promise to respect the post-Soviet Eurasian countries' sovereignty and freedom to pursue membership in any alliance, on one hand, and the United States and NATO promise to provide a clear explanation of the security benefit that is expected to accrue to the alliance if a new member is accepted. If

such benefit has to do with Russia, NATO and Russia through the NATO-Russia Council would discuss the candidate country's security concerns and Russia could be given the opportunity to undertake the necessary reassuring steps. To be sure, such measures can only be implemented over the long term and after the psychological legacies of the Ukraine conflict have been overcome and at least a basic level of trust has returned to the relations between Russia and NATO countries.

In conclusion, we recommend that the sides find ways to keep a dialogue underway on the future of the Euro-Atlantic security architecture and be open to finding ways to solve the immediate issues involving Ukraine.

The Middle East

James Dobbins
Irina Zvyagelskaya

The Middle East is in turmoil. The situation there now presents a very serious threat to international peace and security. It also presents significant opportunities for Russian-American cooperation.

Though the hopes of a renewed, democratic, and peaceful Middle East born during the initial stages of the Arab Spring have not been realized, it is too early to consider the situation in the region hopeless. To the contrary, although there is much to worry about, there is also a chance for international community in general and for the U.S. and Russia in particular to cooperate in stabilizing the region. Of course, the abilities of these two powers to influence events in the Middle East should not be exaggerated nor should their respective willingness to work with one another be overestimated. Russian and American interests in the Middle East overlap but are by no means fully coincident, and efforts at cooperation will be complicated by the obvious lack of trust between the two. Even so, cooperation over the issues plaguing the Middle East is an area of comparative promise in the context of a U.S.-Russia relationship badly damaged by significant disagreements over other international issues. On the other hand, the region could easily become a flash point for a more intense conflict between the two if this opportunity is not seized.

This paper explores the possibilities for greater collaboration between Russia and the United States in the Middle East. We focus principally on the prospects for ending the civil war in Syria and defeating the violent extremist groups that have taken root there. We also address more briefly opportunities for cooperation in Libya, Afghanistan, and on the Arab-Israeli conflict.

Russian Interests

Since the collapse of the Soviet Union, Russia has possessed neither the resources nor the intent to regain the Soviet Union's position in the Middle East. Russia's present-day interests are dictated primarily by security considerations., which can be broadly summarized as an interest in preventing any destabilization capable of approaching Russia's borders. Additionally, Russia is interested in maintaining its status as a powerful nation with an independent policy position with regards to global and regional issues, including in the Middle East. Finally, Russia also seeks to support its business interests tied to region, primarily those in the energy and military-industrial sectors.

James Dobbins is senior fellow and distinguished chair in diplomacy and security at the RAND Corporation.

Irina Zvyagelskaya is chief researcher at the Institute of Oriental Studies at the Russian Academy of Sciences, professor at the Moscow State Institute of International Relations (MGIMO University) and the Institute of African and Asian Studies at Lomonosov Moscow State University, and a RIAC expert.

To understand Russia's approach to the Middle East, one must recognize the broader, global lens through which Russia's leadership views recent developments in the region. Russia sees as core threats to its interests NATO enlargement up to Russia's borders and the proliferation of "color revolutions" across the post-Soviet territory (such as in Ukraine, Georgia, and Kyrgyzstan), the aim of which was, in the eyes of many in Russia, to remove these states from the Russian sphere of influence. Russia also sees in the Middle East a region experiencing a number of revolutions and externally-supported efforts at regime change. An important example is Libya. In March 2011, Russia chose not to veto the UN Security Council Resolution 1973, which authorized the enforcement of a "no fly zone" over Libya, and was subsequently dismayed when NATO extended its military engagement in Libya. The result was ultimately the overthrow of the Qaddafi government and the death of Qaddafi himself. This experience, in which Western air power contributed to the fall of the Libyan government and in which Russia believes it was misled or outright lied to by the United States over the purpose of the "no fly zone," produced a new red line for Russia and helps explain Moscow's sensitivity towards any strategy that may produce regime change in Syria, as well as to proposals for establishing "no-fly zones.".

The motivations behind Russia's military involvement in Syria are twofold. First, Russia is interested in stemming state collapse in the region by bolstering the Assad government. Second, Russia is seeking to combat, with coalition partners where possible, the international terrorist groups that have taken root in Syria. These groups include the Islamic State (ISIS) and Jabhat_al-Nusra, although Russian military strikes have been directed at other groups affiliated with the latter. Moscow disagrees with the Assad government on many issues and is opposed to the pursuit of complete military victory. By providing military support to the formally-legitimate government of Syria, Russia believes that it has changed the balance of forces in the government's favor and ultimately established conditions for negotiations on a political process that can enable stability in the country moving forward.

American Interests

U.S. interests in the Middle East have their origins in an earlier era.

The American commitment to Israel grew out of WWII and the Holocaust. It was reinforced by the vision of a small, democratic state besieged by hostile neighbors. This commitment remains strong across the political spectrum in the United States, although there is also growing sympathy for the condition of the Palestinian population under what is now half a century of Israeli occupation.

America interests in the Gulf derive from American and global dependency on the oil resources of this region. America dependency is a thing of the past, but growth in the global economy, upon which American prosperity

depends, still requires global access to this regions oil and gas and to the sea lanes through which it flows.

The 1979 Iranian Revolution opened a breach between the United States and Iran, and also between Iran and its Arab neighbors. Today several of these neighbors look to the United States for protection. The United States continues to counterbalance Iranian power in order to forestall all states in the region from developing nuclear arsenals, an interest which it shares with Russia.

The attacks of 9/11 began to draw the United States more deeply into the conflicts in this region, beginning with Afghanistan, then Iraq and more recently Syria.

Nearly all American's now regard the 2003 invasion of Iraq to have been a mistake, but disengagement has proved difficult. President Obama would like nothing better than to shift American forces, resources and attention from the Middle East to East Asia, where China represents a rising challenge. He made a major effort to do so in 2011, when he closed down the American military presence in Iraq began reducing U.S. forces in Afghanistan and announced the so called "pivot to Asia".

The rise of the Islamic State (IS) has drawn the United States military back into Iraq and to a lesser degree into Syria and Libya. Like Russia, the United States sees the Islamic State and other Salafi-jihadist groups as a threat both to the stability of this region and to security of the homeland.

U.S.-Russian Collaboration to Date

In addition to their history of great power competition in the Middle East, Russia and the United States have a long history of collaboration on issues of mutual interest.

During the Cold War both great powers co-sponsored a peace process in the Middle East, and jointly supported bilateral initiatives (including the Geneva Peace conference and the Joint statement of October 1, 1977, to name but a few). Since the collapse of the Soviet Union, the United States and Russia have worked together to promote a resolution to the Arab-Israeli conflict. They were co-sponsors at the Madrid Peace Conference and have actively participated in the Quartet, working out a "road map" for an Israeli-Palestinian settlement.

Since 9/11 Moscow and Washington have generally pursued convergent policies on Afghanistan. The American military intervention in that country was met with understanding from Russia. Russian officials have been skeptical regarding the prospects for American nation building efforts there, but Russians and Americans worked together at the 2001 Bonn Conference in fashioning the new Afghan regime in Kabul, and both Moscow and Washington have supported that government since. Furthermore, Moscow did not for several years raise objections to the establishment of new NATO bases and facilities in Central Asia or to the development of the

Northern Distribution Network for supplies to NATO forces, which transited both Russia and Central Asia.

One area in which U.S.–Russian cooperation was not only fruitful but vital was the negotiations over Iran's nuclear program. Russia and the United States collaborated effectively, along with Germany and the other members of the UN Security Council, to achieve the Joint Comprehensive Plan of Action (JCPOA) with Iran and U.S. officials have publicly praised Russia for the constructive role they played during the long course of those negotiations

In Syria, however, instances of cooperation have been in many cases fleeting and marred by significant disagreements between the two sides. One instance of successful cooperation was the removal and destruction of Syria's chemical weapons stockpiles. Despite their disagreements over the fate of the Assad government, both agree that UNSC Resolution 2254 contains a solid basis for a political transition in Syria that could be jointly supported. The U.S. and Russia have so far been broadly successful in negotiating arrangements to de-conflict their military operations in Syria. Russia and the United States have both pursued a cessation of hostilities in order to secure greater access for humanitarian relief, and the resumption of at least indirect negotiations between the regime in Damascus and representatives of its opposition. The last such effort of September 2016 collapsed, however, with exceptionally strong recriminations on each side.

Russian Concerns

Perhaps the most significant obstacle to U.S.-Russia cooperation in Syria is that Moscow and Washington do not share a common vision for Syria's future.

Russia views the U.S. policy in Syria as a deeply-flawed pursuit of regime change, building upon a longstanding policy that has led only to greater instability in the region. Russia points to the examples of Afghanistan, Iraq, and Libya as evidence that the U.S. policy of opposing and ultimately ousting the Assad regime, the only institution in Syria that remains even partially intact after five years of war, will yield only further chaos and the elevation of jihadist groups. Russia also views the U.S. policy in Syria as too lenient in its treatment of Salafi jihadist groups such as Jabhat al-Nusra, an offshoot of al-Qaeda.

Russia also views with concern the internal debates within the U.S. military and political elites over Syria policy. Particular attention in Moscow has been paid to efforts to push the Obama administration towards greater use of military force against the Assad regime and the public disagreements between the Department of Defense and the rest of the executive branch over proposals to cooperate with Russia in striking Salafi jihadist groups such as ISIS and Jabhat al-Nusra. The United States has been reluctant to share intelligence on the locations of these groups with Rus-

sia, suggesting a distinct lack of trust that Moscow would not pass the information on to Damascus.

Russia views a ceasefire and political process, in which Assad and the existing Syrian government are active participants, as key to ending the conflict in Syria. However, it does not see much value in a ceasefire that does not hold or result in a political breakthrough, as this would only discredit the very idea of a political process and allow for the re-equipment and strengthening of radical groups that would alter the balance of forces in favor of such groups.

The meeting in Astana in January of 2017 produced a new format for negotiations. It was organized by Russia together with Turkey and Iran, two regional states that have direct military presence in Syria as well as influence upon fighting groups on the ground. The talks were linked to the Geneva process with UN's Special Envoy for Syria Staffan de Mistura attending the meeting. Since the Geneva process is based upon close cooperation between Russia and the United States, its renewal could contribute to creating more trust between the two and could be perceived as an important test for bilateral relations under the new American President.

An American View

Obama administration officials were disappointed that Russia had not been able to secure consistent adherence by the Syrian regime to the ceasefires and cessation of hostilities that have been agreed. They were also frustrated with continued Russian bombardment of targets other than those designated by the UN Security Council as terrorist entities. These attacks included those on groups supported by the United States.

New U.S. President Donald Trump has made clear his commitment to the defeat of the Islamic State. It is reasonable to expect that this campaign will consequently be continued and possibly intensified. He has also, in the course of his campaign, and again since entering office endorsed the concept of protected "safe zones". This could result in more direct U.S.-Russian confrontation, or it might be achieved collaboratively. Given Trump's apparent interest in improving U.S.–Russian relations, it seems possible that he will prefer the latter

The Role of Regional Powers

The complexity of the regional dynamics, in particular between Iran, Israel, Saudi Arabia, and Turkey, complicates efforts to promote U.S.–Russia cooperation in the Middle East and over the Syria crisis more specifically. Moscow and Washington each possess only very limited leverage over their respective regional partners, each of whom is pursuing their own chosen strategy in the Syrian crisis and beyond.

Russia's relationship with Saudi Arabia is neither fully positive nor fully negative. Saudi Arabia, like many other Arab states, is displeased with

Russia's military intervention in Syria, though they have been broadly impressed by Russia's capacity to project force there. However, government to government contacts remain intact and the two countries routinely discuss cooperation in other areas, including in the spheres of energy and investment. Saudi Arabia has reportedly offered to Russia economic incentives were Russia to disengage from Syria and its support for Assad.

The relationship between Russia and Israel has become stronger during the Syrian crisis. Despite the differences in their respective approaches, Israel and Russia were able to find a balance of interests, indicating the deepening of mutual understanding between the two states.

For Russia, Iran has been and remains a special case. Moscow views Tehran as an influential power not only in the Gulf but also in Central Asia and the South Caucasus, critical areas for Russian interests. The removal of sanctions on Iran over its nuclear program could yield greater competition between Russia and Iran in these two regions. In Syria, Russia and Iran have largely cooperated, with Iran providing boots on the ground that complement Russia's air power. However, the approaches of Moscow and Tehran to the conflict differ substantially. Iran's primary objective is to prevent the military defeat of Assad, its main regional ally, and to that end is prepared to maintain its military involvement in the conflict for a long time to come despite not insignificant casualties among Iranian forces. Additionally, there may prove to be s differences of opinion between the two states over the Kurdish issue.

The fact that Russia possesses good working relationships with both Saudi Arabia and Iran positions Russia well to serve as a negotiator in attempts to resolve the crisis between the two states were they willing to search for a solution. Russia and the United States both share an interest in deescalating this crisis, though how this would be accomplished remains unclear, especially with U.S.–Saudi relations exhibiting growing tensions.

Moscow was facing a deep crisis in its relations with Turkey, tied largely to Russian involvement in Syria. Turkey opposes the Assad regime and as a result extended support to the radical opposition groups in Syria, allowed Islamic fighters and volunteers to pass through its border, and targeted Kurdish groups in Syria with the goal of containing them. Russo-Turkish tensions amplified following the shooting down of a Russian SU-24 fighter jet by the Turkish air force. The crisis in relations between Russia and Turkey was in neither side's geopolitical or economic interests, and ultimately Turkey – finding itself in a difficult position especially after the aborted coup – chose to step back from confrontation with Russia. For Russia, it is important to resume dialogue with Turkey both for domestic, economic (the Turkish Stream project) and foreign policy reasons. Russian ethnic Turks (Tatars, Bashkirs) were very much concerned about the deterioration of relations with Ankara. Similar concerns were expressed in Central Asia.

Despite the above mentioned differences the experience in Astana once again accentuated the need for collaboration with regional powers at least in the framework of the Syrian conflict.

What Can Be Done

Transition in Syria: Syria is the place where Russian and American interests both diverge and converge the most. The two government's back opposite sides in the Syrian civil war, while both Moscow and Washington are opposed to the violent extremist movements to which this conflict has given rise. Both governments are conducting active military operations in Syria, although mostly against different opponents. American direct military operations are against ISIS, whereas Russian operations have targeted a wider array of factions, including some supported by the United States. The United States has also raised the issue of targeting of civilians by regime and Russian air strikes.

In Syria, Russia and the U.S. have failed to achieve a sustained coordination. Both powers actually brought to Syria's their own contradictions, which intensified under the influence of local realities. Russia and the United States are increasingly being transformed from arbiters to hostages of the conflict and the stakes continue to grow. Ultimately, if a more severe and dangerous confrontations is to be avoided, the parties will have to return to the negotiating table, not to allow their respective clients to bring the matter to a direct Russian-American conflict over what is for both countries peripheral and secondary issue.

Both Russia and the United States support a negotiated settlement to the Syrian civil war. However, the United States continues to insist that President Assad's departure must at some stage be an element in that settlement whereas Russia insists that his fate can only be decided by the Syrian people by means of the elections which will be a part of transition. The difference here is a subtle one. Moscow is not insisting that Assad remain in power, but it is not willing to join in forcing his exit. The United States is not insisting that the entire regime be replaced, but does believe that Assad must leave power at some point in the process of reconstituting a united Syrian government. The two sides should work more intensely to bridge this gap between them.

Neither Russia nor the United States wishes to remain bogged down an inconclusive and open ended conflict in Syria. Moscow and Washington should accordingly intensify their collaboration in support of interim arrangements which halt the fighting and a longer term accord among the Syrian parties which yields a unified if possibly less centralized Syrian state.

The basic issue to work on is the nature of the transition in Syria. It is not necessary to have strategy for every step given the unpredictability of the situation, but it is necessary to act according to the already agreed

principles. Russia and the United States should work out joint approach to the continuity of the institutions in Syria. There are many questions to be addressed. Military reform is fairly straightforward. On the other hand, reform of the security services (e.g. the Muhabarat) is very complicated. On the one side, it is impossible to proceed with a political transition without a security apparatus. On the other, there are about 15 special agencies in Syria which are in rivalry with each other and which have always been under strict control of the President and absolutely loyal to him. These should be reduced in numbers and made more independent but these are very difficult tasks. Until the army and the security agencies are reformed, it seems unlikely that they will be able to operate in opposition held areas. Russia's recent proposal of a draft Constitution of Syria may stimulate debate over these issues.

The ISSG chaired by the USA and Russia is united in wishing to see Syria as a unified state. The Kurds who are striving for autonomy do not question this as a matter of principle, but they are not represented at the negotiation table. The United States and Russia should arrange for the presence of their delegation despite objections from both the Syrian government and the rest of the opposition, as well from Turkey. The U.S. and Russia should also both insist that the Kurdish parties operate within the framework of a unified Syrian state and cut their ties with violent extremist movements in neighboring countries.

The reconstruction of Syria is also a very important issue. Russia has no resources for it. The United States has already poured a lot of money into Iraq and is not eager to repeat the experience. Nevertheless, international efforts will be needed. Russia and the United States can work together to promote contributions and find a way forward.

Any effort to introduce transitional justice in early post-civil war Syria should be postponed to prevent a never ending cycle of revenge. Amnesty will have to be an element of any settlement.

Finally, Russia and the United States should consider what sort of international guarantees for an eventual settlement should be offered.

Other Areas of Possible Collaboration

In addition to Syria there are several other areas in the greater Middle East where the United States and Russia should collaborate.

The Arab-Israeli peace process: The Arab-Israeli conflict and the Palestinian problem have been overshadowed by the crises in Syria, Yemen, Iraq and Libya. Yet this still remains a most serious irritant. The United States. and Russia cannot afford to ignore it since the conflict remains a source of radicalization in the Muslim world. The two countries along with the EU and the UN bear special responsibility for a search for peace in the Middle East. Washington and Moscow take a similar stand on the general issues of the conflict (settlements, territories, Jerusalem, refugees) and

see the principle of two states for two peoples as the most reasonable solution. Both sides could either update their previous proposals or start a new joint initiative to help restart negotiations.

Libya: The United States provided little leadership and only modest support in efforts to bolster the post-Qaddafi government. As a result, the country gradually descended into a multi-sided civil war. The international community needs to help the internationally recognized government of Libya regain control of its territory, disband or incorporate militias into its regular security establishment and eliminate the foothold the Islamic State has gained there. Russia and the United States should consider what they can each do to assist the Libyan government and, perhaps, Marshal Khalifa Haftar to achieve these objectives. Should the Libyan government at some point request the assistance of international peacekeepers, Russia and the United States might work together to ensure any such force operates under a clear and carefully crafted UN Security Council mandate.

Afghanistan: President Obama had intended to end American military engagement in both Iraq and Afghanistan during his term of office. He did so in Iraq in 2011 and intended to do so by the end of 2016 in Afghanistan. The emergence and spread of ISIS and the resilience of Al Qaeda linked movements led to an American military reengagement in Iraq and also contributed to Obama's decision to leave a small American military force in Afghanistan up to and through the end of his presidency.

Russia has also been concerned about the emergence of ISIS in Afghanistan and Pakistan. Anticipating the American withdrawal, Moscow may have considered hedging its support for the Kabul government and at the same time consolidating ties with Central Asian States, especially members of the CSTO. Assuming the next American administration commits to stay engaged in support of the National Unity Government in Kabul, Moscow's best course may be to also sustain its support for that government as the best defense against radical Islamist movements in this region. Russia can be particularly helpful in urging the component elements of the coalition government in Kabul to stick together, and in bolstering the capacity of some of Afghanistan's northern neighbors to deal with cross border movement of extremist militants, their finances, drug smuggling and other activities.

Regional Security Structures: The collective security system which the Middle East has always lacked still appears a too distant and hardly realistic objective right now. But the United States and Russia should think strategically and to work towards the creation of an OSCE like multilateral process for the Middle East. Such a forum could provide a framework for regional talks on arms control, on regional institutions, on economic cooperation, on refugees and on water resources, among other issues. Russia and the United States are well-placed to consider how such a forum might be developed.

Strategic Stability in the 21st Century

Sergey Rogov

Sharon Squassoni

Geopolitical change and technological progress require Russia and the United States to rethink how to constitute strategic stability for the 21st century. Maintaining nuclear arms race stability – the U.S. narrow interpretation that has prevailed since the Cold War – will not be enough, but attempting to craft an all-encompassing stability across the nuclear, conventional, space and cyber realms along Russian conceptual lines could overwhelm strategists. To meet halfway, U.S. and Russian strategists will need to:

- Abandon the static notion of parity of nuclear forces
- Acknowledge that strategic stability is a process
- Embrace a range of diplomatic mechanisms beyond legally binding treaties.

The major geopolitical shift from bipolarity to multipolarity means that U.S. and Russian nuclear forces do not constitute the entire balance of forces and the military-strategic balance is not confined to strategic nuclear forces. In addition, achieving decisive objectives in war (destruction of a wide range of military and economic targets, destroying political and military command and control systems) is possible not only with nuclear, but also with non-nuclear weapons. Technological advances in the realms of cybersecurity, space, conventional weapons and ballistic missile defenses are already exerting considerable influence on the military-strategic balance.

Maintaining a more complex military-strategic balance in the 21st century will likely require a mix of approaches, including but not limited to arms control. Strategic stability may draw from the following pillars:

1. Treaty obligations on limits and reductions in armaments
2. Unilateral parallel measures to demonstrate the absence of threat
3. Confidence-building and transparency measures based on political obligations
4. Cooperation in security and defense based on reciprocal political and legal commitments, including those related to ballistic missile defense (BDM)
5. Development of political and economic cooperation between the United States and Russia.

This paper explores specific options in the first three pillars.

Sergey Rogov is a member of the Russian Academy of Sciences, director of the Institute for the U.S. and Canadian Studies at the Russian Academy of Sciences, and a RIAC member.

Sharon Squassoni is director and senior fellow of the Proliferation Prevention Program at the Center for Strategic and International Studies.

The Need for Strategic Stability[74]

There is a clear need to develop new instruments to regulate the military-strategic balance and supplement existing legally binding agreements. One of the aims of supporting and strengthening military-strategic stability should be predictability. A strategic stability process should prevent any sudden shifts in the balance, rule out unnecessary arms race expenditures, and prevent escalation of military-political crises. In theory, mutually assured stability would take the place of mutually assured destruction, which is one of the "built-in" elements destabilizing Russian-American relations; it is difficult to be partners while maintaining huge nuclear forces to be launched to destroy your partner within minutes. Reversible measures like "de-targeting" cannot hide the obvious fact that these forces are maintained only against the "partner" since no third country requires this kind of deterrence.

During the Cold War, the two superpowers deterred each other through the threat of mutually assured destruction (MAD). Strategic stability was integral to maintaining MAD, but especially parity in intercontinental nuclear weapons (those with a range over 5,500 km). The Soviet and American nuclear triads could annihilate half of the population and two-thirds of the industrial potential in each other's country in a short time. To ensure that neither side had an incentive to launch first, thereby propping up the precarious balance, Washington and Moscow agreed to drastically limit anti-missile defenses in the 1972 ABM Treaty. Strategic parity and limited defenses became the basis for Soviet-American accords on nuclear weapons control and hence key elements of "strategic stability".

Although the Cold War ended a generation ago, some characteristics of the U.S. and Russian nuclear weapons competition have not changed. For example, Moscow and Washington are still driven toward quantitative and qualitative parity in strategic nuclear forces. They still maintain their counterforce nuclear potential, that is, an ability to deliver a prompt strike at military targets and military command and political administration centers. They also keep their strategic nuclear forces combat-ready (on high alert), which means they can be launched within minutes following a warning of a missile launch by the opposite side. Both sides maintain the ability to launch a surprise, disarming and decapitating strike at any time and have maintained their early warning systems (both land- and satellite-based) to detect a nuclear missile attack.

Two things have changed dramatically, however. The firewall between nuclear and conventional arms that existed during the Cold War no longer exists. And, limits on strategic antimissile defenses that ensured mutual assured destruction were abandoned in 2002 when the United States

[74] This section is drawn from a working paper by Sergei Rogov, Victor Esin, P.S. Zolotarev, and V.S. Kuznetsov entitled, "On the Qualitative Transformation of Russian-American Relations on Strategic Issues,", Russian International Affairs Council, Moscow, 2013. Available at URL: https://www.slideshare.net/RussianCouncil/on-the-qualitative-transformation-of-russianamerican-relations-on-strategic-issues

withdrew from the ABM Treaty. Although the end of the Cold War should have dismantled MAD, the Russian-American declaratory strategic partnership failed to deliver fundamental changes, resulting in considerably asymmetric national capabilities and interests. According to former U.S. Defense Secretary Bill Perry, "far from continuing the nuclear disarmament that has been underway for the last two decades, we are starting a new nuclear arms race."[75]

Opposing Approaches

The United States and Russia presently view strategic stability from very divergent starting points. U.S. officials often understand strategic stability as the balance of strategic offensive nuclear forces, or, "arms race stability." In this view, arms control is a mechanism to enhance stability at smaller numbers. And yet defense organizations, including the U.S. Strategic Command, increasingly acknowledge the role of cyber and space capabilities as essential to defending U.S. strategic interests.[76]

Russia's interpretation of strategic stability explicitly addresses overall military potential, including both offensive and defensive weapons. Russia calls for refraining from any steps in building up military potential, weapons development and deployment, troop deployment, the adoption and implementation of doctrines and concepts, formation and reconfiguration of military-political alliances, establishing military bases in foreign territories, and other actions that the other side could perceive as a threat to its national security. In particular, Russia has suggested that further nuclear arms reductions should account for the broader combination of factors that are key to strategic stability, including, but not limited to, BMD, Conventional Prompt Global Strike (CPGS), ratification of the Comprehensive Nuclear Test Ban Treaty, the threat of space-orbited weapons, and quantitative and qualitative imbalances in conventional weapons. In the Russian view, rethinking strategic stability will need to consider both nuclear and non-nuclear weapons, because highly sophisticated conventional weapons increasingly may have strategic implications. The United States, on the other hand, insists that a firewall between nuclear and conventional weapons still exists, at least with respect to strategic stability discussions.

The gap between Russian and American views is a recipe for strategic instability.

The Challenges

Technological developments like precision guidance munitions, and missile defenses permit non-nuclear weapons to play an increasing role in

[75] Heuvel, K. The New Nuclear Arms Race, The Washington Post, December 15, 2015. URL: https://www.washingtonpost.com/opinions/the-new-nuclear-arms-race/2015/12/11/83445bc0-a021-11e5-bce4-708fe33e3288_story.html?utm_term=.8e4c8489af6a.

[76] Sisk R. Obama Taps Air Force Gen. Hyten to Head Strategic Comma // Miliary.com, September 9, 2016. URL: http://www.military.com/daily-news/2016/09/09/obama-taps-air-force-gen-hyten-to-head-strategic-command.html.

strategic warfare[77]. Today long-range conventional weapons can attack strategic targets that previously could be destroyed only by nuclear weapons. In addition, the potential of cyberweapons to conduct strategic strikes against an adversary's nuclear and conventional strategic forces (especially their command-and-control and early warning systems) as well as key industrial targets is growing. Several experts contend that the U.S. advantage in developing CPGS capabilities and missile defenses provides Washington with significant superiority in the strategic competition.[78]

In this paper, we briefly cover developments in five weapons areas that could affect the strategic stability process: nuclear weapons, ballistic missile defenses, long-range conventional weapons, space, and cyberweapons.. Each class of weapons, capable of attacking and destroying or neutralizing strategic targets, requires specific approaches and specific solutions. Some of them may follow traditional arms control methods and require legally binding limitations, but others demand new arrangements, different from the arms control treaties of the past.

Nuclear Weapons

The New START treaty brings down the number of U.S. and Russian warheads to their lowest levels since the 1950s. As of October 1, 2016, the United States had 1367 deployed strategic warheads, compared to 1796 for Russia. The number of deployed ICBMs, SLBMs and strategic bombers for the United States was 681, compared to 508 for Russia.[79] The treaty allows for a five-year extension beyond 2021 if both sides agree. Several analysts anticipate that the sides will be interested in extending the treaty or negotiating something comparable to succeed it. Few are optimistic about dramatic further reductions, particularly given the modernization programs underway in both countries.

In the United States, the Obama administration initiated a comprehensive modernization of all legs of the nuclear triad that may cost over 1 trillion dollars spread out over the next 30 years.[80] The modernization will include new delivery platforms (submarines, ICBMs and strategic bombers), a new stand-off range cruise missile, and modification to warheads and the B-61 gravity bomb. This will undoubtedly affect NATO's nuclear posture in Europe as weapons are deployed in the next few decades. However, there were questions under the Obama administration about the affordability of the nuclear modernization program, particularly if they will compete against conventional force acquisition programs. It is very hard to estimate what changes the Trump Administration may seek in these programs.

[77] Krepinevich A., Cohn J. Rethinking Armageddon: Scenario Planning in the Second Nuclear Age. Center for Strategic and Budgetary Assessment, 2016.

[78] Ibidem.

[79] Fact Sheet - New START Treaty Aggregate Numbers of Strategic Offensive Arms / US Department of State, Bureau of Arms Control, Verification, and Compliance,October 1, 2016. URL: https://www.2009-2017.state.gov/t/avc/rls/2016/262624.htm

[80] Cirincione, J. A New Arms Race Threatens to Bring the U.S. and Russia Back to the Nuclear Brink. The Huffington Post, November 23, 2015. URL: http://www.huffingtonpost.com/joe-cirincione/arms-race-us-russia-nuclear_b_8557526.html.

The Russian Federation too is engaged in modernizing its nuclear triad, including new submarines, ICBMs and bombers. According to estimates by Hans M. Kristensen and Robert S. Norris, Russia had in 2017 a stockpile of approximately 4300 nuclear warheads assigned for use by long-range strategic launchers and shorter-range tactical nuclear forces.[81] Russia's modernization program is a few years ahead of America's, since modified SS-27 missiles have already been deployed. The RT-2PM2 Topol-M, equipped with multiple re-entry vehicles and the RS-24 Yars have already begun deployment. Moreover, Russia plans to put into service RS-26 Rubezh ICBM in 2017, which is a compact version of the SS-27.[82] Other missiles reportedly under development include a rail-mobile version of the SS-27 and the SS-30 missile, designed to replace the SS-18. Some of these may encounter the same kinds of financial hurdles that American programs may encounter.

The timing and scope of these modernization programs may reflect domestic and industrial politics as much as strategic competition, but they add to perceptions on both sides of an arms race. Nonetheless, neither side is increasing the size of its strategic forces. The more relevant question is whether qualitative parity will be maintained. The risks to strategic stability would be greatly increased in the absence of an ongoing strategic arms control treaty such as New START.

INF Treaty. Meanwhile, the only treaty ever to have eliminated a class of nuclear weapons is on the verge of collapse.[83] U.S. officials have accused Russia since 2014 of violating the INF treaty by testing a ground-based cruise missile. More recently, it appears that Russia has produced and deployed the missiles in question (believed to be the SSC-8).[84]

At the same time, Russia accuses the U.S. of several INF violations related to target-missiles, drones and the Mk-41 Aegis Ashore. The U.S. Aegis Ashore missile launchers are already deployed in Romania and later will be deployed in Poland. Russia worries that offensive cruise and ballistic missiles can reach Moscow from Poland and Baltic states in a few minutes. Although some analysts have suggested that the United States should demonstrate, as a transparency measure, that the MK-41 missile launcher for Aegis Ashore SM-3 missile interceptors has no capacity to contain or launch "offensive" surface-to-surface missiles, it is unclear whether Russia could or would be willing to provide comparable transparency regarding the new ground-based cruise missiles it has deployed.

[81] Kristensen, H., Norris, R. Russian nuclear forces, 2017. Bulletin of the Atomic Scientists Vol. 73, No. 2 February 28, 2017

[82] Pifer, S. Overblown: Russia's Empty Nuclear Sabre-rattling. Brookings, March 17, 2015. URL: https://www.brookings.edu/opinions/overblown-russias-empty-nuclear-sabre-rattling.

[83] Meier O., Pifer S., "Russia's missile treaty violations directly threaten Europe – so Europe should speak up.," May 5, 2017. URL: https://www.brookings.edu/blog/order-from-chaos/2017/05/05/russias-missile-treaty-violations-directly-threaten-europe-so-europe-should-speak-up

[84] See, for example, Gordon M. Russia Deploys Missile, Violating Treaty and Challenging Trump. New York Times, February 14, 2017. URL: https://www.nytimes.com/2017/02/14/world/europe/russia-cruise-missile-arms-control-treaty.html?_r=0; URL: http://www.globalsecurity.org/wmd/world/russia/ssc-8.htm

However, if Russia intends not to withdraw from the INF Treaty, it should be prepared to demonstrate that its new missile deployments do not violate the terms of the INF Treaty.

Non-strategic (tactical) nuclear weapons. The Presidential Nuclear Initiatives of the early 1990s, under which the United States and Russia removed many of their non-strategic nuclear weapons from deployment, essentially took non-strategic nuclear weapons off the arms control table for close to two decades.. In the wake of President Obama's 2009 Prague speech, a few European capitals actively considered sending U.S. tactical nuclear weapons home. With Russia's incursion into Crimea in 2014, however, public opinion in Western Europe shifted significantly, and as a result, NATO's nuclear mission has grown in importance. Recent statements by Russian officials about the growing role for tactical nuclear weapons have also increased concerns.

The United States has deployed about 150-200 of its 500 tactical nuclear warheads (the B-61 gravity bomb) at six NATO air bases in five countries[85]. The rest are stored in the United States. Dual capable NATO-designated F-15, F-16, and Tornado fighter planes are configured to deliver the B-61. This is the warhead that is scheduled for modernization.

Russia has many more warheads in its sub-strategic stockpile -- reportedly four times as many – configured for different uses.[86] These include air defense and BMD weapons; sea-launched nuclear-tipped missiles; short range ground-launched nuclear-tipped missiles and gravity bombs. Moscow has resisted efforts to equate the U.S. and Russian stockpiles, arguing that weapons deployed in Asia, sea-launched missiles, those for ballistic missile defenses and those in the role of air defense should not be counted. In addition, Russia maintains that it cannot ignore the overall Russia-NATO nuclear balance, which includes 500 British and French nuclear weapons. In Russia's view, UK and French nuclear weapons should be counted in any assessment of the European nuclear balance but the United Kingdom and France disagree.

One way to partially resolve this, according to many analysts, would be to agree, at the next stage of Russian-American nuclear arms control talks (after New START expires), to a single overall ceiling for all types of nuclear weapons. For instance, the combined limit would permit 2000-2500 nuclear weapons of all classes with a sub limit of 1000 deployed warheads and bombs. Other nuclear weapons, including strategic and non-strategic warheads, would be considered non-deployed (e.g., in storage).

The U.S. and Russia could also explore measures to improve transparency and confidence. The Deep Cuts Commission, for example, recom-

[85] Factsheet – U.S. Nonstrategic Nuclear Weapons / The Center for Arms Control and Nonproliferation. URL: https://www.armscontrolcenter.org/wp-content/uploads/2016/07/Nonstrategic-Nuclear-1.pdf

[86] Kristensen H., Norris R. Russian nuclear forces, 2016. Bulletin of the Atomic Scientists Vol. 72, No. 3, May 3, 2016, p. 125–134.

mended that U.S., NATO, and Russian military officers and policy makers should review implementation of current agreements designed to avoid misunderstandings and unintended crises, such as the Incidents at Sea agreement. The Vienna Document's confidence-building measures could be expanded to include exchanges of information regarding non-strategic nuclear weapons, high-precision conventional weapons, and air and missile defenses. NATO and Russia should reconvene joint activities regarding the safety and security of nuclear weapons or exchange such collaboration to include an exchange of best practices.

Missile Defenses[87]

Missile defenses are a particular irritation in U.S.-Russian relations. While a new ABM treaty is likely off-limits, transparency and confidence-building measures, however, are not. For example, the two sides could exchange information on BMD plans and programs and development of cooperation, for example, in monitoring BMD system tests, joint training, joint analyses and planning, could prove instrumental in delivering better understanding, greater predictability and enhanced confidence. The question on missile defense may boil down to: can the sides agree on something more than just an executive agreement on transparency, but less than a treaty? One possible step for Washington, as long as Iran continues to abide by the Joint Comprehensive Plan of Action regarding its nuclear program, would be to cap as a policy measure the number of ground-based interceptor missiles in the United States and SM-3 interceptors deployed in Europe, and offer transparency measures regarding those systems. This may not be enough to persuade Moscow to offer reciprocal steps, however.

Under these circumstances, missile defense discussions might usefully try to demonstrate the negative consequences of deploying new missile defense systems on strategic stability in the foreseeable future and try to identify areas of practical cooperation between Russia and the United States/NATO regarding defending against missile threats from third countries. Moscow and Washington could agree on establishing a BMD Cooperation Center with the following activities:

- hold technical briefings on performance characteristics of the existing and future BMD systems;
- submit annual reports on BMD systems;
- conduct joint BMD exercises such as computer simulation, table-top exercises, joint training involving Russian and U.S. BMD systems in the exercises;

[87] This section is drawn from two papers by Sergei Rogov, Victor Esin, P.S. Zolotarev, and V.S. Kuznetsov entitled, "On the Qualitative Transformation of Russian-American Relations on Strategic Issues,", Russian International Affairs Council, Moscow, 2013. Available at URL: https://www.slideshare.net/RussianCouncil/on-the-qualitative-transformation-of-russianamerican-relations-on-strategic-issues and "Russia and the USA at the Crossroads: Obama's Initiatives and Moscow's Reaction," Russian International Affairs Council, July 26, 2013. URL:http://www.russiancouncil.ru/en/analytics-and-comments/analytics/russia-and-the-usa-at-the-crossroads-obama-s-initiatives-and.

- gather and exchange data obtained from radars and early warning satellites as well as send information to command and control centers of Russia and the U.S.

These arrangements could be recorded in an "Executive Agreement" (such a format was used together with the signing of the 1972 SALT Treaty). The aim is to ensure predictability in the strategic situation for a fairly long period. For example, the New START Treaty ensures stability in strategic offensive arms for 10 years. Subsequently, new agreements would be required. Similarly, predictability in strategic defensive arms is achievable approximately for the same time period if previous arms control agreements are a useful guide.

High Precision Conventional Weapons

The increasing potential to make conventional weapons useful against strategic targets through improvements in precision, speed and lethality constitutes another concern for strategic stability. The United States began seeking such a capability in earnest after the 2001 Nuclear Posture Review. Over time, programs under the rubric of Prompt Global Strike have shifted and are likely to continue to shift.[88] From using existing delivery platforms (intercontinental and intermediate-range ballistic missiles, and bombers) to developing hypersonic delivery vehicles, the quest for a global strike capability has spawned a burgeoning "arms race" as countries explore technological options. Some analysts worry that the threshold for using such weapons would be lower than that of nuclear weapons, that conventionally armed ICBMs would be difficult to distinguish from nuclear armed ones, and that hypersonic glide vehicles, for example, would not be covered by existing arms control agreements.[89] Russia has responded by increasing reliance on tactical nuclear weapons, enhancing the survivability of its nuclear forces, and investing in air and missile defenses. Russia is also reportedly attempting to develop its own long-range, conventional boost-glide missile.

The delivery vehicles for long-range, precision strikes are varied, at least in the U.S. case. ICBMs with conventional warheads are one option,

At present, neither side has prompt global strike (PGS) capabilities. As several analysts have noted, if the U.S. or Russia decided to deploy conventional warheads on ICBMs or SLBMs, they would be limited by New START's deployed warhead ceiling, which makes no distinction between nuclear and conventional warheads. However, pursuit of intercontinental-range non-ballistic missiles like hypersonic vehicles, especially boost glide weapons, which could attack strategic targets, may have extremely negative repercussions since it will be impossible to know whether the

[88] Woolf A. Conventional Prompt Global Strike and Long-Range Ballistic Missiles: Background and Issues. February 3, 2017, Congressional Research Service Report R41464. URL: https://www.fas.org/sgp/crs/nuke/R41464.pdf

[89] Acton J. Russia and Strategic Conventional Weapons: Concerns and Responses. The Nonproliferation Review Vol. 22, No. 2, 2015, pp. 141-154.

hypersonic vehicles carry nuclear or conventional warheads. So the launch of conventional long-range weapons could be misinterpreted as a preemptive nuclear strike. Reports that "the U.S. Air Force will likely have high-speed, long-range hypersonic weapons by the 2020s, providing kinetic energy destructive power able to travel thousands of miles toward enemy targets at five-times the speed of sound"[90] may be optimistic but alarming in their implications. Suggestions that the U.S. Air Force will have a hypersonic strike platform able to both conduct surveillance and delivery weapons by the 2040s raise similar concerns. Russia, China, and India are also developing hypersonic weapons.[91]

Legal agreements banning high-precision conventional weapons seem quite unlikely. However, Russia and the United States could consider annual exchanges of plans for deployment of these systems and confidential notifications prior to the use of these systems against a third country. These arrangements could be ad hoc.

Conventionally armed cruise missiles pose a more difficult challenge, and it looks as though both militaries plan to increase their reliance on such systems. Verification of cruise missile limits would be difficult. Perhaps the sides could begin with a dialogue on cruise missile capabilities, their respective doctrines for use, and the implications for the balance in strategic offensive forces.

Cybersecurity[92]

The cyber domain stands apart because actions in cyberspace can be taken quickly, virtually, and remotely, to a scale not possible with physical weapons. These characteristics may "inadvertently increase the potential for conflict escalation".[93] A state (or even a non-state entity) seeking to execute a cyber attack whose objective is to inflict catastrophic damage on its target may seek to maintain anonymity. States engaging in such attacks could seek to develop and employ proxies. This makes deterrence a relatively ineffective strategy in cyberspace, because of the difficulties in attributing the source of an attack and because of the large and diverse number of state and non-state actors involved. Potential targets of a catastrophic cyber attack include power grid, transportation sector, financial sector, energy infrastructure, public health system, and water purification and distribution systems. But cyberweapons could also be used to disrupt conventional military operations by states such as Russia and the United

[90] Osborn K. Revealed: America Will Have Lethal Hypersonic Weapons by the 2020s. The National Interest, July 2, 2016. URL: http://www.nationalinterest.org/blog/the-buzz/revelaed-america-will-have-lethal-hypersonic-weapons-by-the-16835.

[91] Edwards W., Penn-Hall L. The Rise of Hypersonic Weapons. The Cipher Brief, October 5, 2016. URL: https://www.thecipherbrief.com/article/rise-hypersonic-weapons-1095

[92] Cybersecurity is also covered in "Cyber Security: A U.S. Perspective" and "Cyber Security: A Russian Perspective" of this volume

[93] Schneider J. Digitally Enabled Warfare – The Capability-Vulnerability Paradox. Center for a New American Security, August 29, 2015. URL: https://www.cnas.org/publications/reports/digitally-enabled-warfare-the-capability-vulnerability-paradox

States that are, or are in the process of becoming dependent on digital capabilities.

Cyberweapons are radically different from nuclear weapons in how they draw the line between war and peace. While there is little dispute about war when a nuclear weapon is used, "the peace/war threshold hardly exists in any meaningful sense in the case of cyberweapons."[94]

While only nine states possess nuclear weapons, dozens of state and non-state actors are engaged in development and sometimes employment of cyber weapons. It also appears that while the competition between cyber offense and defense seems to favor the offense consistently, it also appears to be highly dynamic – and perhaps unstable as well. There may be a stronger "use or lose" dynamic to cyberweapons, because of their limited utility -- once a cyber weapon is used, similar cyber weapons may prove useless in future attacks if forensics efforts can identify how to neutralize them. This could "further decrease crisis stability."[95] Moreover, stopping a cyber war may prove difficult.

In 2013 Presidents Putin and Obama agreed "to create a mechanism for information sharing in order to better protect critical information systems." This mechanism, when necessary, was supposed to engage the hotline (so-called "Red Line") that has been used by Moscow and Washington to prevent a nuclear conflict since 1963. The hotline was employed on October 31, 2016 by U.S. officials to convey warnings about Russian alleged cybermeddling in the U.S. election. Clearly, additional mechanisms are needed to rebuild trust in this area if that is possible.

Space Weapons

Russians perceive the United States as actively developing capabilities to potentially deny them access to space and point to U.S. policy, rhetoric, program development, and spending patterns as evidence. For example, the U.S. Air Force mission statements have defined space control as not just providing freedom of action for friendly forces, but also denying freedom of action to adversaries. "Space control operations … include the broad aspect of protection of U.S. and allied space systems and the negation of enemy space systems. Space control operations…include offensive and defensive operations by friendly forces to gain and maintain space superiority and situational awareness if events impact space operations".[96] In 2004, the U.S. Air Force defined "space dominance" in a first-ever doctrine paper on counterspace operations (that is, U.S. operations to deal with adversary space capabilities in a conflict).[97] In his confir-

[94] Krepinevich A. Cyber Warfare: A 'Nuclear Option'? Center for Strategic and Budgetary Assessments, August 24, 2012. URL: http://www.csbaonline.org/research/publications/cyber-warfare-a-nuclear-option

[95] Ibidem.

[96] Joint Doctrine for Space Operations: Joint Publication 3-14 // US Joint Chiefs of Staff. August 9, 2002, (pp. ix-x). URL: http://www.dtic.mil/doctrine/new_pubs/jp3_14.pdf

[97] Ibidem.

mation hearing to lead the U.S. Strategic Command, General John Hyten told the Senate Armed Services Committee in September 2016 that the U.S. needs to double its strategic advantage in space and cyberspace to stay ahead of its adversaries. According to Hyten, "We have an amazing force structure in space, and both the Chinese and the Russians in particular have been watching those capabilities be employed on the battlefield for the last 20 years, and in response to that, they're building counterspace capabilities to deny us those capabilities in conflict."[98]

While the United States may be the most heavily dependent on satellites for economic and military advantages, Russia and China are moving in that direction as well. All three countries have a stake in avoiding the proliferation of weapons that could destroy the space environment.

Russia and China have called for efforts to update the Outer Space Treaty, which bans the deployment of weapons of mass destruction in space and more generally, the militarization of space, while the European Union has called for adopting a code of conduct in outer space. States could adopt the Code of Conduct in Outer Space as a first stage prior to more complicated negotiations to elaborate upon the Outer Space Treaty.

Russia has proposed that the UN Office of Outer Space Affairs consider the development of an international, open database of on-orbit objects (both operational satellites and debris) to fill this gap, but the United States and its allies do not support this apptoach. As a confidence-building measure, Russia and the United States could propose a joint statement that they do not intend to deploy any attack systems in outer space and to propose that other countries, including China, join this commitment.

New Strategic Stability In The 21st Century

A total collapse of the arms control regime would mean the end of any rules of the game. Renewed confrontation and lack of communication might bring back the kind of harrowing crises encountered during the Cold War. The United States and Russia might still find areas of cooperation in the pursuit of common interests, such as the smooth implementation of the New START agreement, its potential extension and the Iran nuclear deal. Reducing risks from North Korea's burgeoning nuclear arsenal and resolving the civil war in Syria should be key areas of cooperation going forward.

The transition from the outdated, narrow concept of strategic stability that dominated in the late 20th century to a broader understanding that reflects today's realities will take some time.

Expanding beyond bilateral nuclear negotiations to multilateral negotiations is a crucial step that will be tricky. Clearly, the U.S. and Russia need to explore further bilateral nuclear arms reductions, and engage in a

[98] Heckman J. STRATCOM nominee advocates for space, cyber superiority. Federal News Radio 1500 AM, September 23, 2016. URL: http://www.federalnewsradio.com/defense/2016/09/stratcom-nominee-advocates-space-cyber-superiority

substantive discussion, if not limitation, of their own modernization programs. Expanding to a multilateral set of discussions will require U.S. and Russian agreement on the appropriate time to involve the three other "officially recognized" nuclear powers – France, the UK and China – in an arms control regime. Before those countries can agree to some sort of quantitative ceilings on nuclear weapons and to measures of verification and control, they will likely need to be involved in other, non-legally binding endeavors as described below. Realistically, multilateral binding limits are decades off.

Future nuclear limitations would greatly benefit if China, France and the UK agree not to expand their nuclear stockpiles, while Washington and Moscow reduce theirs, and provide basic information about the quantity and specifications of their nuclear weapons. Multilateral arms control could be promoted by organizing "a collective information center on nuclear risk reduction."[99]

Paris, London and Beijing should be invited to consider a data exchange. In addition to total warhead numbers, a data exchange might break down the numbers by types of warhead or types of delivery systems. More specific data – in particular, the locations of specific nuclear systems – could be addressed later in a multilateral nuclear arms control process.

Once the five nuclear weapon states are engaged in an arms reduction process, efforts to include the "unofficial" nuclear powers – India, Pakistan, Israel and North Korea – in a nuclear arms control regime would be required. Predicting when and how this can be achieved is difficult. Waiting for the appropriate time to draw in these countries could have its own dangers, for example, tacitly allowing those countries to build up quantitatively or qualitatively to advanced levels. Looking that far into the future, the desire to balance all strategic capabilities (nuclear, cyber, space, advanced conventional and ballistic missile defenses) could have negative repercussions when at last dealing with the "unofficial" nuclear powers.

Treaty obligations. Washington seeks another round of bilateral negotiations on strategic nuclear weapons, while Moscow has called for inclusion of third countries, particularly the UK, France and China. London has indicated its readiness to join a formal nuclear arms reduction process at some point. Both Paris and Beijing appear much more reluctant. Russia has not proposed specifically how to include or limit third-country nuclear weapons. The structure of the limits could pose a problem, as Moscow (and Washington) would not be prepared to accept equal limits with the other three, and the third countries would presumably not be willing to codify unequal limits in a treaty.

Moving to limit all nuclear weapons (rather than differentiating between

[99] Back from the Brink, Toward Restraint and Dialogue between Russia and the West // Arms Control Association, June 2016. URL: https://www.armscontrol.org/files/Third_Report_of_the_Deep_Cuts_Commission_English.pdf

strategic and non-strategic) in bilateral nuclear negotiations could strengthen a U.S.–Russian bid to persuade Great Britain, France and China to cap their nuclear weapons numbers. If the United States and Russia have not constrained their non-strategic weapons, it would be difficult to ask China and France to do so. However, convincing the three countries to offer even unilateral pledges to refrain from building their arsenals could be quite difficult.

That said, a prevailing Russian view is that further bilateral reductions in nuclear weapons should be predicated on limits in strategic ballistic missile defenses. It is unclear whether Washington would agree to even voluntary limits and whether voluntary limits would satisfy Russian demands. Still, some useful steps may be possible in terms of confidence-building (see below). Further limits on non-strategic nuclear forces, an area in which Russia boasts quantitative superiority and one that Washington has highlighted particularly as a follow-on to New START, are unacceptable to Moscow unless talks address disparities between Russia and NATO in conventional armed forces.

Confidence-building and transparency.[100] One way to include Britain, France and China in arms control efforts is to focus on concrete transparency and confidence-building measures. As noted above, commitments regarding limited modernization could help future nuclear arms reduction prospects. The UK, France, and China could also provide baseline data on their nuclear weapons numbers and types, but not necessarily locations. Possible confidence-building measures can be expanded if Moscow and Washington propose that three other nuclear weapons states agree to a few visual inspections as envisaged by the New START treaty. Besides the five nuclear powers should have expended discussions on issues related to not only nuclear weapons but also ballistic missile defense and long range precision guidance conventional weapons. A multilateral risk reduction center could include the exchange of information not only on missile launches, but also on space and cyber threats.[101]

Unilateral, parallel steps[102]. Beyond legally binding arms control, an integrated approach to strategic stability could include unilateral, parallel steps at a bilateral level between Russia and the United States. Officials could agree, for example to limiting strategic missile defenses to no more than 100 (specifically those with a speed of 4.5km or more per second); to limiting conventionally armed ICBMs to no more than 20 weapons (possibly through a side agreement to New START) and to count non-strategic nuclear warheads in the overall ceiling of non-deployed nuclear warheads. Additionally, the United States and Russia could explore transparency and

[100] This section also draws on Rogov, Esin, Zolotarev, and Kuznetsov "On the Qualitative Transformation of Russian-American Relations on Strategic Issues."

[101] Ibidem.

[102] This section also draws on Rogov, Esin, Zolotarev, and Kuznetsov "On the Qualitative Transformation of Russian-American Relations on Strategic Issues."

possibly verification measures for BMD, PGS and non-strategic nuclear weapons, and could implement additional confidence-building measures (exchanges of notifications, etc.) on naval forces. The potential for unilateral restrictions on some types of high-precision conventional weapons is low but could be explored.

Such measures could be taken in the absence of legally binding treaties, the prospects for which are particularly low at present. Cyber and space weapons should not be handled solely bilaterally, since a bilateral agreement would not capture developments in other key countries. Involving China and other powers in possible agreements will at best take time.

We can anticipate that these measures could include unilateral, parallel steps at a bilateral level (for example, between Russia and the United States, or China and India). These measures could relate to both quantitative parameters of certain types of weapons and the information regarding their operational application. These measures could be adopted via political accords, rather than legal commitments under a treaty.

Although Washington and Moscow continue to show interest in maintaining what they define as 'strategic stability' – that is, the mutual confidence that neither side is upsetting the nuclear balance[103]-- further nuclear weapons reductions are likely not sufficient to uphold the military-strategic balance. Sophisticated conventional arms, the weaponization of space and of cyberspace all will have a significant impact on the strategic balance. Obviously, preventing strategic instability in the multipolar world in the 21st century will require new efforts to neutralize serious threats arising in these areas of military rivalry.

[103] Back from the Brink, Toward Restraint and Dialogue between Russia and the West // Arms Control Association, June 2016. URL: https://www.armscontrol.org/files/Third_Report_of_the_Deep_Cuts_Commission_English.pdf.

Cybersecurity: A U.S. Perspective

James A. Lewis

Russian–U.S. cooperation on cybersecurity has been an area of strength in the relationship. The reasons for this and the effects are worth considering. It may be not so much shared interest as shared experience in disarmament and strategic arms control that has smoothed the way for progress.

Russia has, of course, been concerned with what we now call cybersecurity for almost twenty years. In 1998 Russia proposed[104] that the United Nations (UN) consider "developing international principles that would enhance the security of global information and telecommunications systems and help to combat information terrorism and criminality." The contributions of Russia in this regard are not always adequately recognized.

The 1998 proposal was the start of a long process of discussion among national experts including both the U.S. and Russia, under the UN Committee on Disarmament and International Security, formally called the Group of Government Experts (GGE). The GGE's first report in 2010 (under a Russian Chair) created the international negotiating agenda for cybersecurity[105], as it called for the international community to undertake work to develop norms of responsible state behavior, confidence building measures, and action to build cybersecurity capability on a global basis.

Norms for Responsible State Behavior

The second round of UN GGE discussions in 2013 created the framework for norms and confidence building measures as they apply to international cybersecurity. The 2013 Report[106] asserted that the UN Charter, international law, and the principles of state sovereignty applied to cyberspace. This agreement on the application of sovereignty and international law embedded cyberspace and cybersecurity in the existing framework of international relations and practices that govern conduct among states. It ended the idea of cyberspace as a global commons without borders and began to lay out areas of State responsibility.

James A. Lewis is senior vice president and director of the Strategic Technologies Program at the Center for Strategic and International Studies

[104] Developments in the field of information and telecommunications in the context of international security / United Nations, General Assembly Resolution A/RES/53/70 (January 4, 1999).
URL: https://documents-dds-ny.un.org/doc/UNDOC/GEN/N99/760/03/PDF/N9976003.pdf?OpenElement

[105] Report of the Group of Governmental Experts on Developments in the Field of Information and Telecommunications in the Context of International Security / United Nations, A/65/201 (July 30, 2010).
URL: https://www.documents-dds-ny.un.org/doc/UNDOC/GEN/N10/469/57/PDF/N1046957.pdf?OpenElement

[106] Report of the Group of Governmental Experts on Developments in the Field of Information and Telecommunications in the Context of International Security / United Nations, General Assembly A/68/98 (June 24, 2013).
URL: https://www.documents-dds-ny.un.org/doc/UNDOC/GEN/N13/371/66/PDF/N1337166.pdf?OpenElement

The 2013 Report was followed by another in 2015[107] which continued the development of norms, but the 2015 Report showed, however, that there is a fundamental dispute in the positions of the two nations regarding cyberwarfare. Russian experts have argued that cyber-attacks could produce an effect equivalent to a weapon of mass destruction and should be treated like a weapon of mass destruction, i.e. stigmatized. A precedent can be found in the Treaty on the Peaceful uses of Outer Space, where nations agree not to place weapons of mass destruction in space as well as other constraints that limit space activities to peaceful purposes. The U.S. position is that international agreement on norms should embed the legitimate use of cyber-attack in the framework of international law, and accept that the use of cyber-attack is legitimate if guided by the principles of the laws of armed conflict that nations are obliged to follow.

There is also tension between Russia and the U.S. on issues related to content and expression. The focal point for disagreement is an "International Code of Conduct for Information Security,"[108] put forward by the Russia and China with support from other members of the Shanghai Cooperation Organization (SCO). The idea for a Code of Conduct first appeared in the 2011 U.S. international strategy for cybersecurity. Russia took this idea and was first to implement it. The chief problem with the Code is that many of its provisions have the effect of redefining and limiting other international commitments, and in particular the Universal Declaration of Human Rights. The Code was revised in 2014, but has attracted only mixed support outside of the SCO. U.S. opposition to the Code has been unwavering.

The debate over the Code is an element of a larger dispute over terrorism that, while manageable, can also impede cooperation. Both the U.S. and Russia have found ways to cooperate in combatting terrorism, but in cyberspace, freedom of expression and access to information are issues that come up in the context of cybersecurity – this is one reason why Russia and some other nations prefer to use the term "information security" instead of "cybersecurity." Russia, along with a number of other countries, would restrict expression as a means to combat the use of social media by groups like ISIS. While this goal may be laudable, agreement on new restrictions could easily damage legitimate political expression. While the U.S. shares the concern over terrorist use of the internet, the Constitutional constraints of its First Amendment leads it to take a very different approach to restricting online speech. The interplay between rights and restrictions complicates cooperation in combatting online terrorism.

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[107] Report of the Group of Governmental Experts on Developments in the Field of Information and Telecommunications in the Context of International Security / United Nations, General Assembly, A/70/174 (July 22, 2015).
URL: http://www.un.org/ga/search/view_doc.asp?symbol=A/70/174&referer=/english/&Lang=E.

[108] Annex to the letter dated 9 January 2015 from the Permanent Representatives of China, Kazakhstan, Kyrgyzstan, the Russian Federation, Tajikistan and Uzbekistan to the United Nations addressed to the Secretary-General / United Nations, General Assembly, A/69/723 (January 13, 2005)
URL: https://www.ccdcoe.org/sites/default/files/documents/UN-150113-CodeOfConduct.pdf

The Code reflects a larger debate over the balance between sovereignty, universal values, and international commitments, and in particular the Universal Declaration of Human Rights. The last few decades have seen the international community give precedence to universal commitments over traditional notions of sovereignty. Non-interference was the norm for state behavior before 1945, before the victorious allies realized that how countries treat their own citizens has important implications for international security. Since 1945, the alternative point of view is that when a state becomes a signatory to an international treaty, it is in effect agreeing to cede some of this sovereign authority and that there are issues, such as human rights, that transcend borders.

Since 2000, there has been a reaction to the ascendance of universal rights. There has been a resurgence of this older notion of the primacy of national sovereignty, which can be encapsulated as saying that a state has the right to do what it wants without interference in its own territory – "non-interference with internal affairs." It is not just Russia that challenges these agreements, but newly influential states who seek to expand their international a role and do not necessarily share the experiences of war that led to the creation of "universal" values. The treatment of content and expression is a major difference in Russian and U.S. views on cybersecurity.

Confidence Building Measures

Russian support has dictated the pace of progress on multilateral confidence building measures (CBMs). The most important CBMS were agreed in the Organization for Security Cooperation in Europe (OSCE)[109]. The OSCE has played a leading role in the development of CBMs, including the provision by member states of national views on cyber doctrine, strategy, and threats. OSCE members will also share information on national organizations, programs, or strategies relevant to cybersecurity, identify a contact point to facilitate communications and dialogue on ICT-security matters, and establish links between national CERTS. Work on CBMs continues in the OSCE, with members discussing how existing mechanisms, such as the OSCE Communications Network, could be used to facilitate communications on cybersecurity incidents and develop additional measures to reduce the risk of misunderstanding.

These OSCE measure are reinforced by bilateral agreements between the U.S. and Russia on cybersecurity. The two countries reached agreement in 2013 and 2016. The 2013 agreement was part of a broader bilateral effort to cooperate on counterterrorism and WMD. A joint statement[110]

[109] Decision No. 1106: Initial set of OSCE confidence-building measures to reduce the risks of conflict stemming from the use of information and communication technologies / Organization for Security and Co-operation in Europe, Permanent Council, PC.DEC/1106 (December 3, 2013) URL: http://www.osce.org/pc/109168?download=true

[110] Joint Statement by the Presidents of the United States of America and the Russian Federation on a New Field of Cooperation in Confidence Building / The White House, June 17, 2013. URL: https://www.whitehouse.gov/the-press-office/2013/06/17/joint-statement-presidents-united-states-america-and-russian-federatio-0

issued by President's Obama and Putin recognized the seriousness of cyber risk and agreed to establish national centers with a "hot line" to warn each other of cyber-exercises that might be misperceived as attacks and to ask about cyber incidents that raise national security concerns. In 2016, the two countries agreed to resume expert level talks to discuss cyber risks that could lead to conflict and to accelerate the implementation of the 2013 agreement[111]. Both sent large and relatively senior groups for closed meeting in Geneva in April 2016.

While the adoption of CBMs both bilaterally and in the OSCE is impressive, they mask a deep underlying suspicion each side has about the other. CBMs are best seen as a starting point for continued discussion, but this discussion is complicated by Russian and U.S. ties to third parties. The U.S. works closely with its NATO allies in developing the OSCE proposals for CBMs (and norms proposals in the GGE) while Russian actions are accompanied by a parallel effort to develop CBMs and commitments and measures to improve relations with China and with its other SCO partners.

Stability and Hybrid Warfare

Russian diplomats say privately that Russia believed in the first decade of this century that cybersecurity was an area where Russia could play a major role on the international stage without needing too much in the ways of resources. In this, Russia has had considerable success in shaping the international agenda on cybersecurity. Part of the reason for Russia's attention also stems from a genuine concern over American cyber capabilities, which they believe, in combination with PGMS, unmanned aerial vehicles, and global strike assets, could give the U.S. the ability to achieve strategic effect without the use of nuclear weapons.

Russia (and China) see U.S. advances in military technologies as destabilizing. The reaction to these developments is a continuation in some ways of the shock that Russia, China and others felt when the U.S. used space, information networks and PGMs to defeat rapidly a massive, Soviet-style military in the 1990 Persian Gulf War. It is possible that some of the renewed Russian attention to nuclear weapons for tactical and operational use reflects a desire to escape the tacit constraints on nuclear weapons use as a way to compensate for shortcomings in conventional military technology. While Russia is among the most skilled nations in cyber espionage, it has only recently demonstrated advanced cyber-attack capabilities.

New classes of weapons, including cyber-attack, have created a strategic problem for the bilateral relationship. These weapons provide new strategic capabilities. Using new military technologies, the U.S. could achieve strategic effect without the use of nuclear weapons, by striking strategic forces and other high-value targets with a combination of advanced con-

[111] Perez E. U.S. and Russia meet on cybersecurity. CNN, April 18, 2016. URL: http://www.edition.cnn.com/2016/04/17/politics/us-russia-meet-on-cybersecurity

ventional weapons and cyber-attacks. The effect could circumvent and upset the more or less stable balance of nuclear deterrence, reducing the deterrent value of Russian military forces. It would be interesting to consider whether the U.S. advances in new military technologies have prompted Russian assertions about the willingness to reconsider constraints on the use of nuclear weapons, since one explanation of Russian statements indicating an increased willingness to use nuclear weapons may reflect a reaction to American technological developments.

Russian interlocutors consider NATO's new doctrine for cyber warfare[112] as destabilizing. Some of this is diplomatic maneuvering to affect NATO decisions, but it also may reflect a Russian belief that NATO's cyber doctrine could allow for preemptive strikes against which the Russians believe that they cannot easily defend. While there is always an element of posturing in Russian pronouncements about NATO, Russian strategists cite cyberattack as a significant threat. Cyber-attacks, which operate at even greater speed than ICBMs, and which could be used to paralyses command and control or launch systems could be seen as essentially producing a "counterforce" effect without relying on nuclear weapons.

The U.S. is not the only nation to develop advanced military technologies, but its efforts have had unanticipated effects on stability that highlight the limitations of existing bilateral dialogue on cybersecurity and associated CBMs. These capabilities include cyber-attacks against space systems, or their control centers. Russian interlocutors point to both the Stuxnet episode, where the U.S. is widely believed to have used cyber-attacks to damage Iranian nuclear weapons facilities, and the revelations of the unfortunate Snowden, who exposed the vast scale of U.S. signals intelligence activities, as evidence of the nature and risks of U.S. actions in cyberspace.

In turn, U.S. concerns over Russia's military modernization efforts and its use of what can be called "hybrid" warfare put unpredictable pressures on the bilateral relationship. The U.S. is concerned over the use of "hybrid warfare" in the conflict with Ukraine. The merits and causes of this conflict are best left to another discussion, but Russian tactics – and hybrid warfare includes a cyber element - raise concerns for the U.S. and NATO. Hybrid warfare blends tactics and technologies, including cyber technologies, to exert force or coerce while reducing the risk of confrontation between the U.S. and Russia. It includes a heavy dose of informational activities, such as efforts to use the internet for opinion shaping in Russia, the Ukraine and in other nations. Russia's use of its cyber-attack capabilities has been constrained in the Ukraine conflict. The current caution may reflect lessons learned in Georgia or a desire to preserve some degree of deniability, but there is real concern that that hybrid warfare could be used against the Baltic states.

[112] Cyber Defence Pledge / North Atlantic Treaty Organization. July 8, 2016. URL: http://www.nato.int/cps/en/natohq/official_texts_133177.htm?selectedLocale=en

Next Steps Bilaterally and Internationally

Both Russia and the U.S. have used cyber-attack for coercive purposes, not just espionage, in the last few years, and two of these incidents (Stuxnet and the Russian interference with a Ukrainian power plant) qualify as the "use of force" under international law. Each side has legitimate concerns about that other's potential use of cyber-attack. They share some common goals for cybersecurity, but there are also areas of significant difference. This is not necessarily an insurmountable obstacle, since the experience of the Cold War showed that even opponents who deeply distrust each other can find ways to cooperate on specific measures to improve stability and to reduce the chance of conflict.

Progress in the Russia–U.S. cyber discussion reflects in good measures the long-standing experience of the two nations in working together on strategic issues rather than a high degree of shared interests. Russia and the U.S. "know the dance" and it is interesting to note that some of the negotiators from each country have extensive experiences with strategic arms talks.

Both Russia and the U.S. will need to find ways to manage several key differences for progress to continue. These include cooperation on cybercrime, which is feeble, and finding some way to address terrorist use of the internet that accommodates the political concerns of both countries. The central issue of whether to treat cyber-attack as a new weapon of mass destruction and pledge to restrict state internet activities to secure the exclusively peaceful use, or to recognize existing state practices that accept, use or plan to use cyber espionage and cyber-attack is not unresolvable, but will take research and lengthy discussions to find common ground.

The successes of the bilateral dialogue on cybersecurity come at a moment of transition for the global discussion of cyber security. First, the primary vehicle for international negotiation on cybersecurity – the UN's Group of Government experts, faces increasing strains and challenges. This year for example sixty nations vied for twenty seats. Nations increasingly want a more inclusive and more formal venue. Second, the term cybersecurity itself needs reinterpretation and redefinition. It began as an all-encompassing concept, reflecting the self-aggrandizing rhetoric of the internet community, but the decision now is whether to focus international discussion on specific topics tasked to specialized and appropriate groups – terrorism, crime, human rights and whether what we are doing is developing new rules for a new kind of weapon.

Part of this transitional moment also involves reconsidering the diffuse and voluntary multi-stakeholder model to one that involves political commitments by states to behave responsibly in cyberspace – essentially embedding the global discussion of cybersecurity in the existing framework of international relations, where states play a dominant role. The multistakeholder model's strength is in business, not in international

security. How to manage any reconsideration in ways that do not create obstacles to trade or that degrade existing commitments to human rights is a challenge for the international community

The Strategic Context for Cybersecurity

We have reached the end of a twenty-five-year period of strategic stability and relative peace among major powers. Stability means there is no incentive for a country to seek change through force or coercion. This is not the case for international relations today. We must recast our assumptions about strategy to recognize that we are entering a period of conflict. This will not be a new "Cold War" – the world is too interconnected for that, nor will it be World War Three – even without nuclear weapons, major combat operations against an advanced opponent are too expensive to be sustained for a prolonged period. Conflict between states will take new forms and in these uncharted waters the risk of miscalculation will only increase.

Wars between big, heavily armed states are expensive and risky, particularly if they involve nuclear weapons. Big countries will not renounce war, but they will try to avoid open warfare with each other. If big countries do stumble into war, cyberattacks will be a part of the fighting, but cyber operations are not waiting for the outbreak of armed conflict.

Cyber operations are a new way to exercise national power, including force or the threat to use force. They are ideal for the new strategic environment. How countries will use cyber techniques is determined by their larger interests, by their existing strategies, experience, and institutions, and by their tolerance for risk. opponents will exploit the grey areas in international law and practice to do damage without triggering armed conflict.

The benefit of cyber operations, as with other elements of hybrid warfare, is that coercive force can be applied while minimizing the risk of violent response. This has implications for deterrence and for the use of coercive acts. Deterrence will become harder and impossible in some conflictual situations, and we will see increased use of coercive acts that fall below the existing threshold for the use of force or armed attack.

There is of course, the temptation of covert action, a temptation to which many nations have yielded in cyberspace. To the extent an opponent believes they can take a cyber action and not be identified or observed, they will be tempted to engage. Attribution of cyber operations remains a problem, and since the foundation of international law and the right of self-defense requires identification of the attacker, the covertness of cyber operations offers the possibility of circumventing the rule the international community has developed to manage and limit conflict.

The status of international negotiations on cybersecurity remains slow and limited, far outpaced by the development of offensive techniques.

There has been endorsement of general norms, the most important of which embed cyberattack in the existing framework of international law, including the law of armed conflict. However, there is no agreement to constrain use in wartime. Nor is there any agreement on the definition of a cyber weapon or on what would qualify as the use of force or armed attack in cyberspace. This is unlikely to change.

It is no longer it safe to discount the possibility of armed conflict between major powers, even if these conflicts might be limited in duration and scope or take forms to which we are unaccustomed. The increased level of international dispute means that cyberspace is a contested domain, where opponents maneuver to position themselves for advantage now and in the event of conflict. We should expect cyber-attack to form part of any future conflict. Cyber operations change the strategic landscape, as well as the nature of combat, much as the development of air power did in the last century.

Cybersecurity: A Russian Perspective

Pavel Sharikov

Security issues have always been a priority in Russian-American relations, extending back from the Cold War to the present day. The realities of the bipolar international system – and the capacity of the United States and the Soviet Union to respectively inflict catastrophic harm against the other through the use of nuclear weapons – led to the development of a stable system of deterrence and strategic stability. However, in today's rapidly-changing multipolar context, these models are being rethought and the introduction of the information revolution into the strategic landscape has proven a game-changer.

Cyberspace as a policy issue is unique in that the domestic and international implications are wholly interdependent. In the new multipolar international system, a multiplicity of state and non-state actors operate in the borderless cyber domain, thereby challenging the very idea of sovereignty. Furthermore, the global shift towards the fragmentation of the internet, through which the internet is becoming both less global and less unified, and the intention of some governments to build a "national internet" complicates efforts to find common ground in cyberspace.[113] In this context, internet fragmentation manifests as not purely a technical issue, but a political one, with national regulations interfering with the general desire for global connectivity and further complicating efforts to find common ground on issues in cyberspace.

These shifts have forced the United States to partially abandon its global approach to internet regulation in its foreign policy. American cybersecurity diplomacy has become considerably more focused on bilateral agreements, rather than the development of global frameworks. For example, the fact that the Internet Corporation for Assigned Names and Numbers (ICANN) has operated since its founding under U.S. government supervision, specifically under the umbrella of the Department of Commerce, was a key argument put forward by advocates for the creation of a multistakeholder system of internet governance. Among these advocates were Russian diplomats, who insisted on an increase in national governments' control over the internet as a means for ensuring International Information Security (IIS). While Russia pushed for the creation of an international body under the UN umbrella that would be responsible for internet security issues instead of ICANN, the United States opposed these initiatives. In fact, the Obama administration internationalized the way names and numbers are assigned, and transferred the functions of ICANN to a

Pavel Sharikov is a RIAC expert and a research fellow at the Institute for the U.S. and Canadian Studies at the Russian Academy of Sciences

[113] Hill, J.F. Internet Fragmentation: Highlighting the Major Technical, Governance and Diplomatic Challenges for U.S. Policy Makers. John F. Kennedy School of Government, Harvard University. 2012. URL:http://www.belfercenter.org/sites/default/files/legacy/files/internet_fragmentation_jonah_hill.pdf

separate international body,[114] albeit not the UN, a model of internet governance that suggests lessened government control.

In Russia, the phenomenon of Internet fragmentation has manifested through, in some cases, very unpopular measures that significantly increased the role of state in overseeing the internet. Recent legislation requiring all internet service providers (ISPs) to store data on servers and hard drives physically located in Russia is a perfect example. This measure effective blocked Russian consumers from accessing international cloud services. Another good example is a recent piece of recent legislation which required ISPs to gather bulk personal data, store it for up to six months, and share that data openly with intelligence agencies without proper judicial oversight.[115] It is important to note that while increased government control over cyberspace at the national level makes a country less competitive economically and, in some cases, less secure, such concerns do not diminish a government's responsibility for providing security in cyberspace.

Each of these measures was put into place with the intention of increasing security. Even so, they do not inspire confidence in an international partner during discussions of the regulation of cyberspace. Furthermore, in the age of fragmented internet, multilateral discussions of the international norms that should govern cyberspace are complicated by the national internet regulations of the countries that proposed them. While it is absolutely true that Russian officials insist on greater government control over personal data, with the goal of increasing security, a similar debate has been ongoing in the United States. One remarkable recent example is the Federal Bureau of Investigation (FBI) vs. Apple case, in which the FBI asked Apple to provide the government the means to decrypt the contents of an iPhone owned by the perpetrator of the San Bernardino shooting in December 2015. It is important to note, however, that such sweeping measures are unlikely to be adopted in legislation in the U.S., in large part as a result of vociferous public debate and the fact that, ultimately, the FBI was able to unlock the phone through alternative means.

Given the degree of internet fragmentation that has taken place to date and the acceleration of this process, any future international cybersecurity regime will be based on the various national regulatory regimes that are developed in accordance with each nation's particular political, legal, economic, and social context. It is clear that cyberspace is unique in that national governments cannot regulate it in the same way as other more tangible policy areas. Within this context, a key issue will be determining (or agreeing on) a proper balance between government control and freedom of information.

[114] National Telecommunications & Information Administration, United States Department of Commerce / NTIA Announces Intent to Transition Key Internet Domain Name Functions. March 14, 2014. URL: https://www.ntia.doc.gov/press-release/2014/ntia-announces-intent-transition-key-internet-domain-name-functions

[115] Solon O. Putin vs. the Internet: The Laws That Matter // Bloomberg. September 1, 2015. URL: https://www.bloomberg.com/news/articles/2015-09-01/putin-vs-the-internet-the-laws-that-matter.

A Path Forward

The current crisis in U.S.-Russia bilateral relations is taking place within an unprecedented wider context, one that could be termed "Cold War 2.0." While military conflict between Russia and the United States remains very unlikely to take place, it is evident that both countries use other instruments of power to exert political influence and push their respective agendas.

While it is very unlikely that the Russian and American positions with regards to cyberspace will converge around jointly acknowledged norms for responsible state behavior, it is critical that both diplomatic and track-II channels remain open and focused on this problem. A first step should be the basic task of seeking common understanding of the major issues at play in cyberspace within the context of broader discussions on the issues of national and international internet governance, as well as the security issues at play in cyberspace. Where possible, the United States and Russia should seek out confidence-building measures within the context of these discussions, as a way to turn the cybersecurity dialogue from an area defined by tension into one defined by cooperation.

Through these ongoing diplomatic and track-II discussions, the United States and Russia should work towards the articulation of a joint cyber posture. Key issues that must be addressed within this context are mutually agreed upon norms for the use of offensive military cyber capabilities and norms of restraint against the use of cyber means to disrupt critical infrastructure, such as electrical grids, hospitals, and transportation infrastructure. In doing so, the United States and Russia should draw on their long, unique history of diplomatic negotiations on the question of nuclear arms control, as the lessons of both these negotiations and broader arms control paradigm can be applied to discussions of cyber norms.

Another avenue for cooperation are joint efforts on counter-terrorism and counter-extremism in cyberspace. The United States and Russia are well-positioned to work together on countering the use of the internet as a propaganda tool by terrorist organizations and, at a minimum, share best practices in countering terrorist organization's soft power on the internet. This line of cooperation should focus in particular on countering recruitment of Russian and American citizens on the internet and through social media, with a broadened dialogue that incorporates not only government but also relevant civil society institutions.

There remains, of course, the much-debated question of alleged efforts by Russian intelligence to influence domestic politics in the United States using cyber means, such as the alleged hack of the Democratic National Committee (DNC) during the presidential campaign. It is important to note that the report published by the U.S. intelligence community at the behest of the Obama administration regarding this case did not provide any proof

of Kremlin involvement.[116] However, the case does raise a number of critical problems that must be urgently addressed by the United States, Russia, and the world with regards to cyberspace. These include the difficulties associated with attributing cyberattacks, the dearth of international mechanisms for responding to and punishing those that commit cybercrime, and the lack of norms governing retaliation in the cyber domain. Finally, however, it is critical that Russia and the United States jointly affirm that the use of information and cyber techniques against one another is inherently destabilizing for both the bilateral relationship and the international system writ large. A wider conversation should take place between both governments and the expert communities in both countries regarding a path forward in this area. Dialogue on these issues should be made a priority in any future discussions of cybersecurity issues between Russia and the United States.

These initial steps, if undertaken successfully and in good faith by both Russia and the United States, would succeed in rebuilding the foundations of a dialogue on cybersecurity issues desperately in need of stability. Given the generally negative environment in U.S.-Russia relations, such efforts to turn the cybersecurity dialogue into a positive example of the benefits of bilateral engagement should be welcomed by both Washington and Moscow.

[116] Office of the Director of National Intelligence // Background to 'Assessing Russian Activities and Intention in Recent US Elections': The Analytic Process and Cyber Incident Attribution. January 6, 2017.
URL: https://www.dni.gov/files/documents/ICA_2017_01.pdf

Countering Terrorism and Violent Extremism

Ekaterina Stepanova
R. Kim Cragin

Cooperation on counterterrorism efforts between the United States (U.S.) and Russia has been at once heavily dependent on (and highly reflective of) the overall state of the bilateral relationship and one of the few functional areas where tactical cooperation and interaction has never ceased. Shared security concerns with regards to terrorism and violent extremism have driven the United States and Russia to maintain this cooperation even amidst periods of serious tension. Counterterrorism and countering violent extremism (CVE), therefore, represent potential avenues to begin to rebuild bilateral relations or at least move towards relative normalization.

This chapter examines the potential for improved cooperation between the United States and Russia on counterterrorism and CVE. It focuses on comparative violent threats posed to the two countries at home by actors ranging from radical Islamists to right-wing extremists. It also addresses challenges posed to the two states by transnational terrorist networks and militant-terrorist actors in the two regional hotbeds of terrorist activity, centered on Syria/Iraq and Afghanistan, where Russia's and the U.S. interests intersect most closely. We conclude that, despite escalating tensions between the two countries, overlapping interests exist on these issues. Thus, opportunities also exist for improved cooperation, albeit somewhat limited. Our practical recommendations include:

- Establish a U.S.–Russia bilateral working group focused on reducing both homegrown radicalization and the recruitment and flows of foreign fighters, particularly to and from Syria and Iraq;
- Expand mechanisms for the exchange of information on illicit financial flows that fuel terrorism, particularly as they relate to the illicit drug trade from Afghanistan;
- Facilitate bilateral Track II events related to CVE, such as community-level (district/city) exchanges on programs to counter radicalization among youths.

U.S. and Russian Perspectives on Counterterrorism

With the election of President Barack Obama in November 2008, the U.S. government shifted away from the "global war on terrorism" paradigm to countering violent extremism.[117] In doing so, the White House attempted to bring greater emphasis to the threat of homegrown extremism. Federal

Ekaterina Stepanova is the head of the Peace and Conflict Studies Unit and the National Research Institute of World Economic and International Relations, RIAC Expert

R. Kim Cragin is a senior fellow in counterterrorism at the National Defense University

[117] Department of State and USAID Joint Strategy on Countering Violent Extremism / U.S. Department of State and the United States Agency for International Development, May 2016. URL:http://www.pdf.usaid.gov/pdf_docs/PBAAE503.pdf.

agencies, including Department of Homeland Security and Department of Justice, focused greater attention on community-level responses to terrorist radicalization. In parallel with this newly-prioritized CVE strategy, the Obama Administration also increased counterterrorism operations overseas as a way of reducing terrorist threats to the U.S. homeland. President Obama opted to do this principally through precision attacks conducted against specifically designated individual terrorist leaders and terrorism facilitators, more often than not by unmanned aerial vehicles, referred to as "drone strikes."[118]

In contrast to the United States, Russia's approach has been dominated by a major domestic terrorism challenge posed by the ethnoseparatist/Islamist insurgency in the North Caucasus for over two decades. So the CVE construct does not have an exact parallel in Russia. Russia's policies have had to focus on primarily homegrown threats from the start. Russia only began to employee military force abroad (in Syria) in 2015 as part of its counterterrorism agenda. Similarly, while Russia's attention to other forms of extremism has gradually increased, they are interpreted much more broadly than the United States notion of *violent* extremism.[119]

Despite these conceptual differences, this paper argues that there is sufficient basis for comparing the two states' counterterrorism strategies. Further, some similarities exist between them in terms of threat assessment. These provide opportunities for improved cooperation.

With regards to threat assessment, Table 1 reveals that since the end of the Cold War, Russia's homeland has been more heavily and more systematically affected by terrorism than the U.S. homeland. Russia is the only European and upper-middle-income country that made it into the top 10 of states most affected by terrorism in the first decade after 9/11, mostly due to Islamist-separatist terrorism linked to the armed conflict in the North Caucasus.[120] Since 2011, Russia's comparative standing has improved, with terrorism of the North Caucasian origin on the wane. As a result, according to Global Terrorism Index 2015, Russia even fell out of the top 20 of states most affected by terrorism for the first time.

Despite this improvement, Russia has increasingly become exposed to domestic effects of transnational extremist influences, links and ideologies, especially propagated by ISIS (Islamic State in Iraq and Syria). In Russia, the return of militants from Syria and Iraq and pledges of loyalty to ISIS by local Islamist militants has presented a new threat to the North Caucasus. Additionally, a phenomenon of small radicalized homegrown cells and/or individuals has emerged across Russia. Distinct from the

[118] National Strategy for Counterterrorism. President of the United States / White House. June 2011. URL: https://www.whitehouse.gov/sites/default/files/counterterrorism_strategy.pdf

[119] Strategy for countering extremism in the Russian Federation through 2025 / Security Council of the Russian Federation, November 28, 2014. URL:http://www.scrf.gov.ru/security/State/document130

[120] Global Terrorism Index: Capturing the Impact of Terrorism in 2002-2011. Sydney: Institute for Economics and Peace, 2012. P. 7. URL: http://www.reliefweb.int/sites/reliefweb.int/files/resources/2012-Global-Terrorism-Index-Report.pdf

Table 1. Russia's and the United States' Global Terrorism Index Rankings as compare to the Top 10 countries by level of terrorist activity

GTI 2012 (2002-2011)		GTI 2014 (2000–2013)		GTI 2015 (2000–2014)	
Rank	**Country**	**Rank**	**Country**	**Rank**	**Country**
1	Iraq	1	Iraq	1	Iraq
2	Pakistan	2	Afghanistan	2	Afghanistan
3	Afghanistan	3	Pakistan	3	Nigeria
4	India	4	Nigeria	4	Pakistan
5	Yemen	5	Syria	5	Syria
6	Somalia	6	India	6	India
7	Nigeria	7	Somalia	7	Yemen
8	Thailand	8	Yemen	8	Somalia
9	Russia	9	Philippines	9	Libya
10	Philippines	10	Thailand	10	Thailand
…		11	Russia	…	
…		…		23	Russia
…		…		…	
…		30	United States	…	
...				35	United States
41	United States				

Source: The Global Terrorism Index (GTI) integrates four main quantitative indicators of terrorist activity (incidents, fatalities, injuries, and scale of material damage). Global Terrorism Index: Capturing the Impact of Terrorism in 2002–2011

violent underground in the North Caucasus, these cells range from lone wolves to network agents with few or no direct links to foreign terrorist organizations. But these homegrown cells often act under the influence of transnational propaganda, especially that of ISIS.[121]

Table 1 also reveals that between 2000 and 2014 no Western state, including the United States, ranked within the top 25 of countries affected by terrorism.[122] This does not mean that the United States has been unaffected by terrorist attacks. The United States, with its global presence, interests, and regional security commitments, has become the primary target of transnational of transnational terrorist networks with broader, including

[121] Stepanova E. The "Islamic State" as a Security Problem for Russia: The Nature and Scale of the Threat. PONARS Eurasia Policy Memo, no. 393, October 2015.
URL: http://www.ponarseurasia.org/sites/default/files/policy-memos-pdf/Pepm393_Stepanova_Oct2015_0.pdf.

[122] Global Terrorism Index 2015: Measuring and Understanding the Impact of Terrorism. Sydney: Institute for Economics and Peace, 2015, pp. 10–11.
URL: http://www.economicsandpeace.org/wp-content/uploads/2015/11/Global-Terrorism-Index-2015.pdf.

global agendas. So far, these transnational threats have not manifested to the same extent within the US homeland with the exception of the 11 September 2001 attacks.

Thus, the closest overlap between the US and Russia when it comes to threat assessments, both at home and abroad, is on transnational terrorism, such as the al-Qaeda-inspired networks and particularly ISIS. Both states share a concern about the role of ISIS as a catalyst of destabilization in the Middle East and about transnational back-and-forth flows of foreign fighters to Syria and Iraq. Of course, divergences still exist even in the arena of transnational terrorism. Specifically, while both the United States and Russia agree that ISIS and Jabhat Fatah al-Sham (formerly known as Jabhat al-Nusrah) represents threats, there has been disagreement on other militant groups operating in Syria. This disagreement has exacerbated an already tense diplomatic situation between Russia and the United States on Syria, as discussed in the chapter on the Middle East. Nevertheless, transnational terrorism represents the best area for future cooperation between the two countries on the issue of counterterrorism.

With regards to counterterrorism strategies, the gaps in approaches between the United States and Russia are not a wide as one might expect. On the one hand, both countries are prepared to take unilateral action on counterterrorism, if it is deemed necessary and required on the basis of the level of threat. Also, both countries still display a high degree of militarization in their approaches to counterterrorism. On the other hand, both the United States and Russia have a genuine interest in resolving the foreign armed conflicts that serve as some of the major catalysts for global terrorist activity, such as Syria and Afghanistan. So, while Russia is unlikely to emphasize CVE to the extent the United States does, it seems clear that both countries will retain a security-centered paradigm in their counterterrorism strategies.

Finally, it is worth noting that both the United States and Russia are exposed to the threat of right-wing violence. In the United States, right-wing terrorism is on average 3.5 times less deadly than Islamist terrorism, but it actually has occurred more frequently (responsible for 18 lethal attacks resulting in 48 fatalities since 9/11 through 1 October 2016).[123] In Russia, right-wing extremism has been increasingly directed against migrants and manifests in forms of violence other than terrorism, such as vandalism and other disturbances). In fact, with the exception of Russia's Islamist-separatist terrorism linked to conflict in the North Caucasus, the two other main types of homegrown violent extremism faced by Russia are similar in type to those faced by the United States, namely homegrown, *transnationally-inspired Islamist cells* and *far-right extrem-*

[123] As of October 1, 2016, US far-right extremists accounted for 18 lethal terrorist attacks in the period following 9/11, resulting in 48 fatalities. See: Part IV: What is the Terrorist Threat to the United States Today? In Depth: Terrorism in America After 9/11. The New America Foundation.
URL: https://www.newamerica.org/in-depth/terrorism-in-america/what-threat-united-states-today/

ist groups. This paper emphasizes the former but we acknowledge that opportunities exist for cooperation on the latter as well and so have noted some possibilities among our recommendations.

US and Russian Approaches to Countering Violent Extremism (CVE)

As mentioned previously, the United States and Russia have developed their own CVE-type strategies in recent years. In the United States, CVE is more developed at the level of doctrine, institutionally, and especially in the degree of involvement of local communities and civil society at large. A focus on the local and community level is the centerpiece of US CVE policies in both theory and practice. This strategy not only builds upon the Community Oriented Policing model (originally devised by domestic law enforcement to respond to gang and narcotics-related violence), it also extends and modifies it, integrating a wide range of non-coercive methods and frameworks with a heavy reliance on local officials, NGOs and community/civil society leaders. Although some of the NGOs receive financial support from the US Federal government, such as Department of Homeland Security,[124] the role of the Federal government is confined to that of facilitator, funder and analytical resource provider.[125]

By comparison, Russia's CVE strategy does include "local self-government, civil society institutes, organizations and physical persons" in the range of "subjects of countering extremism."[126] However, in practice, CVE tasks, including counter-narrative propaganda and prophylactic education, are mainly carried out through centralized state structures or government-related NGOs. But Russia benefits from a number of its own comparative advantages in CVE. Although recently Russia has also started to face the problem of radicalization of Muslim migrants, Russia's population has included large native Muslim communities for centuries. Indeed, the Muslim populations in Russia are significantly better integrated into their respective societies than Muslim diaspora communities in Europe.[127] This explains why Russia, despite fighting a protracted counterinsurgency campaign in one of its several Muslim-populated regions, has sought and managed to avoid securitization of its large Muslim population, including

[124] Department of Homeland Security Appropriations Act, 2016 (Public Law 114-113). Sec. 543 of the Act and the accompanying Joint Explanatory Statement provided $10 million for a "countering violent extremism (CVE) initiative to help states and local communities prepare for, prevent, and respond to emergent threats from violent extremism." For more information. URL: https://www.dhs.gov/cvegrants

[125] Strategic Implementation Plan for Empowering Local Partners to Prevent Violence Extremism in the United States / The White House, December 2011. URL:https://www.obamawhitehouse.archives.gov/sites/default/files/sip-final.pdf

[126] Strategy for countering extremism in the Russian Federation through 2025 / Security Council of the Russian Federation, November 28, 2014. URL: http://www.scrf.gov.ru/security/State/document130.

[127] Stepanova, E.A. Radicalization of Muslim immigrants in Europe and Russia: beyond terrorism. PONARS Eurasia Policy Memo no. 29. August 2008. URL: http://www.ponarseurasia.org/sites/default/files/policy-memos-pdf/pepm_029.pdf; Stepanova. E. A. Islamist terrorism as a threat to Europe: the scope and limited of the challenge. In D.Ulusoy (Ed.). Political Violence, Organised Crime, Terrorism and Youth. Amsterdam: IOS Press, 2008. pp. 141–158.

by relying on dialogue with and engagement of Muslim clergy in preventing and countering violent extremism.

Another possible area of convergence is the need to address the underlying grievances and foreign conflicts that foster terrorism and violent extremism. This manifests through efforts to end the armed conflicts contributing to the proliferation of extremism, and the promotion of post-conflict peace-building, reconstruction and development efforts. Like with counterterrorism, significant barriers exist to cooperation between the United States and Russia on countering violent extremism overseas. The most likely barrier is how best to deal with the underlying grievances, including those that drive armed conflicts that generate terrorism. The United States has tended to emphasize democratization as a mechanism for alleviating underlying such grievances, while Russia prioritizes the need to retain and support basic state functionality and stability. This tension has manifested itself most prominently in Syria and, as such, it is discussed further in the chapter on the Middle East.

Opportunities for Improved Cooperation

Since 2014, most of the *institutionalized* security mechanisms for the US-Russia cooperation on countering terrorism/extremism have been cancelled, frozen or indefinitely suspended by the United States (and its Euro-Atlantic allies) in response to Russia's policy and actions in Ukraine. Between 2009 and 2014, the United States and Russia used two different working groups to coordinate on counterterrorism at a bilateral level. One was led by senior US and Russian diplomats and another was a four-party group that brought together senior CIA and FBI intelligence officials with their SVR and FSB counterparts. At the multilateral level, cancelled or suspended formats ranged from the NATO–Russia Council to the G-8 (Counterterrorism Action Group).

Against this background, we stipulate that, while past experience deserves due credit,[128] some or most of the frameworks and mechanisms that were put on hold may not be revivable. The recommendations offered in this paper, therefore, identify directions for how to move forward from the present deadlock. We also focus on the two areas critical to both Russia and the United States identified in the chapter: (1) countering transnational threats, namely in Syria and Afghanistan and (2) countering violent extremism, specifically as it relates to homegrown radicalization and recruitment.

[128] Memorandum on Cooperation between U.S. Federal Bureau of Investigations (FBI) and Russian Federal Security Service (FSB), December 2004; "Memorandum of Understanding between the U.S. Department of Homeland Security and FSB, November 2006. URL: http://www.fas.org/sgp/news/2007/01/dhs012607.pdf; Memorandum of understanding on counterterrorism cooperation between the U.S. Department of Defense Russian Ministry of Defense, May 6, 2011; Joint Statement of the Presidents of the United States of America and the Russian Federation on Counterterrorism Cooperation, The White House, Office of Press Secretary, May 26, 2011. URL: https://www.whitehouse.gov/the-press-office/2011/05/26/joint-statement-presidents-united-states-america-and-russian-federation-; Joint Statement of the Presidents of the United States of America and the Russian Federation on Cooperation in Countering Terrorism / The White House, Office of Press Secretary. June 17, 2013. URL: https://www.whitehouse.gov/the-press-office/2013/06/17/joint-statement-presidents-united-states-america-and-russian-federation-.

Overarching Recommendations

Create a US-Russia bilateral working group focused on addressing closely inter-related problems of the recruitment/flows of foreign fighters and homegrown radicalization.

Increase the role and place of countering and preventing violent extremism and counter/de-radicalization agenda in any new or revised bilateral frameworks (instead of reproducing, if broader political conditions allow, the previous bilateral formats' heavy, almost exclusive focus on counterterrorism, with CVE issues largely confined to ad hoc discussions); find a better general balance between these two pillars and include other categories of violent extremism, such as violence by right-wing groups and movements.

Lead the way, especially at the UN, in stressing the need to upgrade multilateral efforts, including at the regional level, to advance genuine resolution of the type of regional conflict that accounted for two thirds of terrorist activity in the 21st century (intense, heavily transnationalized civil wars in weak states, such as those in Iraq, Syria, Afghanistan, Yemen, Somalia or Libya) as, perhaps, the most important *long-term strategy to reduce and prevent terrorism.*

Expand cooperation in broader multilateral efforts to stop or curtail transnational flows of foreign militants/terrorists to conflicts zones, financial flows that support transnational terrorism, and terrorists' attempts to get access to unconventional weapons and material.

Recommendations Specific to Syria

While this report includes a paper on cooperation between the United States and Russia on the Middle East, Syria also is the place where there is the greatest overlap of interests on the issue of transnational terrorism. Thus, against this background, and in the context of cooperation on the issue of counterterrorism, Russia and the United States should:

- Build upon the current approach that involves "restrained solidarity" – e.g. competition and limited coordination – and coordinate more closely on military actions against ISIS in Syria to the extent that such coordination improves targeting against ISIL operatives and avoids civilian casualties;
- Bridge or bypass disagreements on the identification of armed groups as violent extremists with a view towards balancing efforts against ISIS and Jabhat al-Sham with the progress on diplomatic/political solution on Syria;
- Include, as part of diplomatic negotiations and of any resulting peace plan on Syria, the provision that all foreign fighters must depart Syria at the conclusion of the conflict.[129]

[129] A provision along these lines was included with the Dayton Accords and, although not all of the foreign fighters left, this provide local officials with the authority to remove those who did not agree to the peace agreement.

Start bilateral discussions on support for Syria's reconstruction, development and institution-building, including efforts to bolster post-conflict Syria's national antiterrorism capacity

Recommendations Specific to Afghanistan

Like with Syria, the paper on cooperation between the United States and Russia in the Middle East region also includes recommendations for Afghanistan. But these are not specific to counterterrorism. Thus, we also add the following recommendations:

Restore the US–Russia Counterterrorism Working Group as an official *US-Russia working group on Afghanistan*, regardless of whether any broader inter-governmental institutionalized bilateral format is ever reconstituted. Remarkably, the original US-Russia bilateral working group on Afghanistan established in 2000, despite the US-Russia disagreements on the 1999 Kosovo crisis, not only predated the 9/11 attacks and subsequent US–Russia cooperation on Afghanistan, but also later morphed into the US–Russia Counterterrorism Working Group.

Improve and expand mechanisms for the exchange of information – both bilaterally, through each state's respective financial intelligence bodies, and through contacts within multilateral frameworks – on illicit financial flows from Afghanistan and transnational money laundering from the illicit drug trade that, along the other factors, fuels terrorism and violent extremism;

Resume consultations on Afghanistan, with a focus on counterterrorism, within the NATO-Russia Council framework, acknowledging that these consultations will likely be limited, given NATO's strained related with Russia, especially over Ukraine;

Encourage NATO and Collective Security Treaty Organization (CSTO) to consult with each other on the nexus of terrorism and transnational crime in Central Asia. These consultations may also need to include Turkmenistan and Uzbekistan, as appropriate, given the nature of transitional crime. We believe that this degree of interaction might be possible if confined to counter-terrorism, even if NATO and CSTO continue not to consult in the "traditional" military-political sphere.

Recommendations Specific to Homegrown Radicalization

Address less politically-controversial aspects of countering violent extremism in the bilateral context, such as:

- Countering extremist narratives, discrediting terrorists' propaganda and degrading their ability to disseminate messages and recruit fighters through modern means of information and communication, with a focus on transnational violent extremist networks.
- Exchanging good practices on countering far right extremism (the issue

on which US-Russia dialogue on counter-radicalization agenda began in the first instance in 2011).

Build upon each other's respective strong points in counter/de-radicalization:

- Russia's experience in engaging with its core Muslim communities on countering violent extremism and avoiding their broader securitization, despite heavy security pressures, may be relevant to US government initiatives on countering violent extremism.
- US experience in community-level policing should be closely studied by Russia both from the CVE perspective and on its own merit.

Encourage, support and facilitate bilateral Track II formats, such as:

- Community-level (district/city-level) Track II exchanges on youth programs designed to prevent radicalization or de-radicalization programs;
- Inclusion of CVE issues in the agenda of the non-governmental, bilateral Dartmouth process reactivated in April 2015; and,
- Ad hoc bilateral expert groups on countering violent extremism and homegrown counter/de-radicalization, including but not limited to religious leaders, NGO leaders and academics.

Conclusion

In conclusion the following areas, within the overarching theme of counterterrorism and countering violent extremism, appear to be the most viable for the US-Russia cooperation.

The US and Russia should build upon the current "restrained solidarity" approach by coordinating more closely on military actions against ISIS in Syria.

The US and Russia could expand the current ad-hoc discussions on CVE and place preventing violent extremism at the center of any new or revised bilateral frameworks. A better balance between counterterrorism and CVE could, for instance, be achieved by launching regular dialogue focused on the inter-related problems of countering transnational flows/recruitment of militants/terrorists and homegrown radicalization.

Within inter-state and Track II bilateral frameworks, The United States might benefit from Russia's experience in engaging with its core native Muslim communities and clergy. For Russia, the US experience in community-level policing could prove to be invaluable from the CVE perspective.

About the Authors

Heather A. Conley is senior vice president for Europe, Eurasia, and the Arctic and director of the Europe Program at CSIS. Prior to joining CSIS in 2009, she served as executive director of the Office of the Chairman of the Board at the American National Red Cross. From 2001 to 2005, she served as deputy assistant secretary of state in the Bureau for European and Eurasian Affairs with responsibilities for U.S. bilateral relations with the countries of northern and central Europe. From 1994 to 2001, she was a senior associate with an international consulting firm led by former U.S. deputy secretary of state Richard L. Armitage. Ms. Conley began her career in the Bureau of Political-Military Affairs at the U.S. Department of State. She was selected to serve as special assistant to the coordinator of U.S. assistance to the newly independent states of the former Soviet Union. Ms. Conley is a member of the World Economic Forum's Global Agenda Council on the Arctic and is frequently featured as a foreign policy analyst on CNN, MSNBC, BBC, NPR, and PBS. She received her B.A. in international studies from West Virginia Wesleyan College and her M.A. in international relations from the Johns Hopkins University School of Advanced International Studies (SAIS).

William Courtney is an adjunct senior fellow at the RAND Corporation and executive director of the RAND Business Leaders Forum, as well as president of the U.S.-Kazakhstan Business Association. In 2014 he retired from Computer Sciences Corporation as senior principal for federal policy strategy; from 2000 to 2003 he was senior vice president for national security programs at DynCorp (bought by CSC in 2003). From 1972 through 1999, Courtney was a career foreign service officer in the U.S. Department of State. He co-chaired the U.S. delegation to the review conference that prepared for the 1999 Summit in Istanbul of the Organization for Security and Cooperation in Europe. He advised on the reorganization of U.S. foreign affairs agencies, mandated by the Foreign Affairs Reform Act of 1999. Earlier in his career, he was special assistant to the President for Russia, Ukraine, and Eurasia; Ambassador to Georgia, Kazakhstan, and the U.S.-Soviet Bilateral Consultative Commission to implement the Threshold Test Ban Treaty; and deputy U.S. negotiator in U.S.-Soviet defense and space (missile defense) talks. He served abroad in Brasilia, Moscow, Geneva, Almaty, and Tbilisi. Courtney is a member of the Council on Foreign Relations, where he was an international affairs fellow. He belongs to the board of directors of the World Affairs Council of Washington, D.C., and the advisory council of the Eurasia Foundation. He graduated from West Virginia University with a B.A. and Brown University with a Ph.D. in economics.

R. Kim Cragin is the senior research fellow for counterterrorism at the National Defense University. Prior, she was a political scientist at the

RAND Corporation and an adjunct professor at Georgetown University and the University of Maryland. In the spring of 2008, she spent three months on General Petraeus' (ret.) staff in Baghdad. In addition to Iraq, Cragin has conducted fieldwork in Pakistan, Yemen, Egypt, northwest China, Indonesia, the Philippines, and Sri Lanka, among others. Her RAND publications include Severing the Ties that Bind (2015), Social Science for Counter-Terrorism (2010), Sharing the Dragon's Teeth (2007) and Terrorism and Development (2003). Cragin also has published academic articles, including "Resisting Violent Extremism" in the reviewed journal Terrorism and Political Violence (2013), "al-Qa'ida Confronts Hamas" in Studies in Conflict and Terrorism (2009), and "The Early History of al-Qa'ida" in the Historical Journal (2008). Her book entitled Women as Terrorists: Mothers, Recruiters, and Martyrs was released by Praeger in 2009. Cragin has a master's degree from the Sanford Institute of Public Policy at Duke University. She completed her Ph.D. at Cambridge University (Clare College) in the United Kingdom.

Lynn E. Davis is a senior fellow at the RAND Corporation. From 2006 to 2014 she served as director of RAND's Washington office and from 1993 to 1997, she served as Under Secretary of State for Arms Control and International Security Affairs. Her current research focuses on strategic planning, terrorism, citizen preparedness, and defense strategy and force structure issues. She was the senior study group advisor for the Commission on National Security/21st Century. Prior to joining the State Department, Davis was vice president and director of the RAND Arroyo Center. She has also served on the staffs of the Secretary of Defense, the National Security Council, and the first Senate Select Committee on Intelligence. She has taught in the Security Studies Program at Georgetown University, at the National War College, and at Columbia University.

Ambassador James Dobbins is a senior fellow and Distinguished Chair in Diplomacy and Security at the RAND Corporation. From 2002 to 2013 he served as director of the RAND International Security and Defense Policy Center. He has held State Department and White House posts including Assistant Secretary of State for Europe, Special Assistant to the President, Special Adviser to the President and Secretary of State for the Balkans, and Ambassador to the European Community. Dobbins has served on numerous crisis management and diplomatic troubleshooting assignments as special envoy for Afghanistan and Pakistan, Kosovo, Bosnia, Haiti, and Somalia for the administrations of Barack Obama, George W. Bush, and Bill Clinton. In 2013 he returned to the State Department to become the Obama administration's Special Representative for Afghanistan and Pakistan, returning to RAND in 2014. Dobbins is the lead author of RAND's three volume History of Nation Building and Choices for America, the first volume of RAND's Strategic Rethink series.

Suzanne Freeman is a associate researcher at the Russia Maritime Studies Institute at the US Naval War College. She was a research intern at the Center for Strategic and International Studies (CSIS), where she studied the Russian Armed Forces under the Russia and Eurasia Program and the Russian oil and gas sector as part of the Energy and National Security Program. She was an intern at ExxonMobil and the US Department of State. She holds a Master degree in International Relations from Columbia University with specialization in International Security, Russia and the former Soviet republics, and a BA in Slavic Studies from Columbia University.

Andrei Korneyev (PhD) is a RIAC expert and head of the Center of Energy Security Problems at the Institute for the U.S. and Canadian Studies at the Russian Academy of Sciences. He has authored over 200 scientific publications on the economy of the U.S. energy resources. Korneyev is a faculty member at the Moscow Academic University for the Humanities in the World Politics department. A federal scientific and technical expert at the Ministry of Education and Science, he was accredited to the IBM Academic Initiative and University Alliance SAP CIS programs, and serves as an associate expert at the Von Essen Consulting SA, Geneva, Switzerland. Korneyev is also a scientific expert for a technological platform "Intelligent Power System of Russia" at the Russian Energy Agency, and a member of the Advisory Expert Council for international energy cooperation at the Ministry of Energy of Russia.

Andrey Kortunov is Director General of the Russian International Affairs Council (RIAC) and a RIAC member. He graduated from Moscow State Institute of International Relations (MGIMO) and completed his postgraduate studies at the Institute for US and Canadian Studies, USSR Academy of Sciences. Kortunov holds a Ph.D. degree in History. He was Deputy Director of the Institute for US and Canadian Studies, and founder and first president of the Moscow Public Science Foundation. Kortunov taught Russian foreign policy at the University of Miami and at the Lewis & Clark College in Portland (University of California). In 2011, he was elected Director General of the Russian International Affairs Council non-profit partnership established by order of the President of the Russian Federation. His academic focus is on international relations, Russian foreign and domestic policy, and Russian-American relations. He is the author of over 120 publications on these topics.

Sarah Ladislaw is director of the Energy and National Security Program at CSIS, where she leads work in energy policy, market, and technology analysis. Ladislaw is an expert in U.S. energy policy, global oil and natural gas markets, and climate change. She has authored numerous publica-

tions on the geopolitics of energy, energy security and climate change, low-carbon pathways, and a wide variety of issues on U.S. energy policy, regulation, and market dynamics. She has spearheaded new work at CSIS on climate change, the electricity sector, and energy technology development. Ladislaw formerly worked in Office of the Americas in the Department of Energy's Office of Policy and International Affairs, and spent a short period of time working for Statoil as their senior director for international affairs in the Washington office. Ladislaw is frequently invited to speak at public conferences, advise companies and policymakers, and testify before congress. She is a member of the National Renewable Energy Laboratory's Strategic Analysis Technical Review Panel, the Strategic Advisory Council for Georgia Tech's Strategic Energy Initiative, and a term member of the Council on Foreign Relations. She has taught graduate courses on energy security as an adjunct professor at the George Washington University and is a frequent guest lecturer at other universities. Ladislaw received her bachelor's degree in international affairs/East Asian studies and Japanese from the George Washington University and her master's degree in international affairs/international security from the George Washington University as part of the Presidential Administrative Fellows Program.

James Andrew Lewis is a senior vice president at CSIS, where he writes on technology, security, and innovation. Before joining CSIS, he worked at the Departments of State and Commerce as a Foreign Service officer and as a member of the Senior Executive Service, where he worked on a range of politico-military and Asian security issues, as a negotiator on conventional arms transfers and advanced military technology, and in developing policies for satellites, encryption, and the Internet. An internationally recognized expert on cybersecurity, Lewis led the U.S. delegation to the Wassenaar Arrangement Experts Group on advanced civil and military technologies and was the rapporteur for the 2010, 2013, and 2015 UN Group of Government Experts on Information Security. He was also assigned to U.S. Southern Command for Operation Just Cause and to U.S. Central Command for Operation Desert Shield. His writings include "Cybersecurity for the 44th Presidency," which was noted by President Barack Obama in his first speech on cybersecurity. Lewis is the U.S. lead for a long-running Track II Dialogue on cybersecurity with the China Institutes of Contemporary International Relations, and he has also authored numerous publications on the relationship between technology, innovation, and national power. Another series of reports examined the role of space in national security. His current research examines international security and governance in cyberspace, the relationship between innovation and technology, the future of warfare, and the effect of the Internet on politics. He has served as a member of the Commerce Department's Spectrum Management Advisory Committee and the State Department's

Advisory Committee on International Communications and Information Policy, and as a member and chair of the Advisory Committee on Commercial Remote Sensing. Lewis is frequently quoted in the press and has testified numerous times before Congress. He received his Ph.D. from the University of Chicago.

Olga Oliker is a senior adviser and director of the Russia and Eurasia Program at CSIS. Her recent research has focused on military, political, economic, and social development in countries in transition, particularly in Russia, Ukraine, and the Central Asian and Caucasian successor states to the Soviet Union. Prior to joining CSIS, Oliker held a number of senior posts at the RAND Corporation, most recently as director of RAND's Center for Russia and Eurasia. She is the author or coauthor of "Russian Foreign Policy in Historical and Current Context: A Reassessment" (*RAND Perspectives, 2015), Building Afghanistan's Security Forces in Wartime: The Soviet Experience* (RAND, 2011), *Nuclear Deterrence in Europe: Russian Approaches to a New Environment and Implications for the United States* (RAND, 2011), and *Russian Foreign Policy: Sources and Implications* (RAND, 2000), among other books, articles, and reports. She has also published commentary on Russia-related topics in print and online with the *New York Times*, *Chicago Tribune*, CNN, *U.S. News and World Report*, among others. Oliker holds a B.A. in international studies from Emory University, an M.P.P. from the Kennedy School of Government at Harvard University, and a Ph.D. in political science from the Massachusetts Institute of Technology.

Sergey Rogov is a member of the Russian Academy of Sciences and academic director of the Institute for the U.S. and Canadian Studies (ISKRAN) since 2015. He was deputy director of ISKRAN from 1995 to 2015, and has worked at the institute since 1976. Rogov graduated from Moscow State Institute of International Relations (MGIMO University) in 1971. He is Dean of the School of World Politics and International Security of the State Academic University for the Humanities, a member of the Scientific Council of the Security Council of the Russian Federation, and chairman of the International Security Commission of the Scientific Council of the Security Council of the Russian Federation. His other titles include: member of the Advisory Council of the Foreign Ministry of the Russian Federation, honorary chairman of Russian Association for Canadian Studies, vice chair of the Russian Pugwash Committee under the Presidium of the Russian Academy of Sciences, member of the Scientific Council of Federal Council of the Russian Federation, member of the Board of the Russian Foreign Policy Association, member of the Board of the New Economic Association, and member of RIAC. He is the author of more than 500 articles, 20 monographs and multiple textbooks. In 2010 he was decorated by the Russian President with the Order of Merit.

Pavel Sharikov (PhD) is a RIAC expert and a research fellow at the Institute for the U.S. and Canadian Studies at the Russian Academy of Sciences since 2002. He studies American foreign and domestic politics, with a focus on cybersecurity issues. Sharikov graduated from the University for Humanitarian Studies in 2005 with a degree in international relations. He has participated in several exchange programs with the United States: in 2005 at the Center for International Security Studies at the University of Maryland, and in 2008 with George Washington University. In 2009 he defended a dissertation devoted to American cybersecurity policies. In 2012 he majored in legal informatics from the Department of Law at Higher School of Economics. In 2015 he authored a book "Information security in a multipolar world". Currently he combines academic career with a position of an associate professor at Lomonosov Moscow State University.

Sharon Squassoni has directed the Proliferation Prevention Program at CSIS since 2010. She joined CSIS from the Carnegie Endowment for International Peace, where she was a senior associate in the Nuclear Nonproliferation Program. From 2002 to 2007, Ms. Squassoni advised Congress as a senior specialist in weapons of mass destruction at the Congressional Research Service (CRS), Library of Congress. Before joining CRS, she worked briefly as a reporter in the Washington bureau of Newsweek magazine. Ms. Squassoni also served in the executive branch of government from 1992 to 2001, including in the Nonproliferation Bureau and the Political-Military Bureau at the Department of State and in the Arms Control and Disarmament Agency. She is the recipient of various service awards, has published widely, and is a frequent commentator for U.S. and international media outlets. Ms. Squassoni received her B.A. in political science from the State University of New York at Albany, a master's in public management from the University of Maryland, and a master's in national security strategy from the National War College.

Ekaterina Stepanova (PhD) is head of the Peace and Conflict Studies Unit and lead researcher at the Primakov National Research Institute of World Economy and International Relations (IMEMO). She is a professor at the Russian Academy of Sciences (RAS) and a RIAC expert. Stepanova has authored 180 publications in ten languages, including *Terrorism in Asymmetrical Conflict: Ideological and Structural Aspects* (Oxford University Press, 2008). She serves on the editorial boards of *Global Governance, Terrorism and Political Violence* and *International Journal of Conflict and Violence*. Stepanova teaches in the International Programs division of the Russian Academy of National Economy & Public Administration, and at European University in Saint-Petersburg. She is a member of the Global Peace Index expert panel, and the Joint U.S.-Russia Group on Afghan Narcotrafficking. From 2007–2009, she headed the Armed Conflicts Program at the Stockholm International Peace Research Institute.

Victor Supyan (Dr.Sc.) is deputy director of the Institute for the U.S. and Canadian Studies, head of the International Economics department at the State University of Humanitarian Sciences, and a RIAC expert. Supyan is a professor of economics at the Russian Academy for Foreign Trade, and a professor of international economics at the Higher School of Economics. His research interests cover macroeconomic policy and government regulation, corporate management, labor markets, economic democracy, human resource management, motivation of labor, evolution of ownership and problems of privatization, technological progress, international labor migration, problems of economic globalization, Russian-American economic relations, and economic security. He is an author, co-author, and editor of more than 50 books, textbooks and broshures, and the author of more than 270 articles, published in Russia and abroad.

Mikhail Troitskiy (PhD) is an associate professor at the Moscow State Institute of International Relations (MGIMO University), an IMARES program professor at European University at St. Petersburg (EUSP), a senior associate at the Russian Academy of Sciences, and a RIAC expert. From 2009–2015 he was deputy director at the Moscow office of the John D. and Catherine T. MacArthur Foundation. Troitskiy has published in English and Russian on international relations and negotiation theory, Eurasian security, and Russia's relations with the United States, NATO, and the European Union. He is a frequent contributor to Russian and international media.

Andrei Zagorski (PhD) is head of Disarmament, Arms Control and Conflict Resolution Studies at the Primakov National Research Institute of World Economy and International Relations (IMEMO) of the Russian Academy of Sciences. He is also a professor of international relations at the Moscow State Institute of International Relations (MGIMO University) and member of the Russian International Affairs Council. Previously, he has served as Vice-Rector of MGIMO; Senior Vice-President of the EastWest Institute; Faculty Member of the Geneva Center for Security Policy and Deputy Director of the Institute for Applied International Research, Moscow.

Irina Zvyagelskaya (PhD) is a Chief Researcher at the Institute of Oriental Studies of the Russian Academy of Sciences and a RIAC expert. She is a professor at the Moscow State Institute of International Relations (MGIMO University) and at the Institute of African and Asian Studies, Lomonosov Moscow State University. Dr. Zvyagelskaya's area of expertise includes contemporary history, conflicts, international relations and security issues in the Middle East and Central Asia. She has authored over 200 publications, including books, chapters and articles.

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President of RIAC Igor Ivanov, Corresponding Member of the Russian Academy of Sciences, served as Minister of Foreign Affairs of the Russian Federation from 1998 to 2004 and Secretary of the Security Council from 2004 to 2007.

Director General of RIAC is Andrey Kortunov. From 1995 to 1997, Dr. Kortunov was Deputy Director of the Institute for US and Canadian Studies.

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RUSSIAN INTERNATIONAL AFFAIRS COUNCIL (RIAC)
1, B. Yakimanka street, 119180, Moscow, Russia
Tel.: +7 (495) 225 6283
Fax: +7 (495) 225 6284
E–mail: welcome@russiancouncil.ru
www.russiancouncil.ru