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The Administration came into office four and a half years ago convinced that the United States had an opportunity to transform the international system in ways that could enhance American security and promote our prosperity well into the 21st Century. The moment was propitious. The great ideological struggles of the twentieth century between democratic values and totalitarianism had ended with a decisive victory for freedom. For one of those rare moments in history, there were no great power conflicts looming on the horizon. Globalization and revolutionary technologies - particularly in information and communication - opened up new opportunities for economic development and the spread of democratic values.

As we know, the new international environment also brought new security challenges. In the place of great power confrontation, the United States found itself confronted by more diffuse elements of disorder, instability, and danger. September 11 provided a tragic illustration of the gravest challenge we and our friends and allies faced: the wedding of terrorism and weapons of mass destructions facilitated by tyrannies around the globe and fueled by extremist ideologies. The President's Second Inaugural Address crystallized the thinking that had lain behind the Administration's policy from the very beginning in meeting this threat and the other challenges of the 21st Century, the advance of freedom in the world.

What does this view of the world and America's role mean for U.S.-Russian relations? Most obviously, that Russia no longer lies at the center of U.S. foreign policy, as the Soviet Union did during the Cold War. The new Russia that emerged from the Soviet Union is neither a strategic adversary nor a strategic threat, as the Soviet Union once was. But it remains a key country, by reason of its geographic location astride Europe, the broader Middle East, and East Asia; its vast nuclear weapons arsenal; its rich resources, especially of oil and gas; and its talented people. Early on, the President called for "a qualitatively new relationship" with Russia, one appropriate to the challenges and opportunities of the 21st century, one that recognized that we are better off when Russia is on our side than working against us.

What kind of Russia did we want to see emerge in the first decades of this century as we pursued this new relationship?

* First, a Russia integrated into, and linking, two key security-economic zones: The Euro-Atlantic region and Northeast Asia.

* Second, a Russia that was a key partner with the countries of these two zones in counterterrorism and counterproliferation, especially in regions to its south, that is, the Broader Middle East, the Caucasus, and Central Asia.

- * Third, a Russia that contributed to international coalitions for regional stability and humanitarian assistance.
- * Fourth, a Russia that was a reliable supplier of energy on commercial terms to global markets.
- * Fifth, a Russia that could be a partner in carrying out the President's space exploration vision and advancing high-tech frontiers.
- * And, sixth, a Russia that was a consolidated free-market democracy.

Four years ago, in this effort to build new relations, President Bush found a partner in President Putin. It is more fitting that our Russian colleague, Andrey Kortunov, address the question of what motivated his president. Let me just note that U.S.-Russian relations began to improve with the Presidents' first meeting in Slovenia in 2001. The improvement accelerated rapidly after 9/11, when President Putin reached out to the United States with condolences and offers of support at a time of great uncertainty and a heightened sense of vulnerability within American society. And the relationship reached a high point with the Moscow/St. Petersburg Summit of May 2002. The Joint Declaration and other statements issued there laid out the framework for the pursuit of a broad-based partnership.

Since then, the relationship has had its ups and down, but, contrary to the prevailing view in Russian and American commentary, I would argue that the trend line has been positive. The successes come in many forms. Both sides successfully managed the relationship even in the face of events that many had predicted would lead to major friction, such as the U.S. withdrawal from the ABM Treaty, NATO enlargement, and the deployment of troops in Central Asia. Real progress was achieved as the United States and Russia signed the Moscow Treaty reducing deployed strategic nuclear forces, developed converging positions on Iran and North Korean nuclear-weapons aspirations, and worked together in the framework of the Proliferation Security Initiative. We have also enhanced and accelerated our cooperative work on improving nuclear weapons and materials security in Russia and fostered closer relations between our intelligence services and militaries in the war on terrorism. And we have made progress in the NATO/Russia Council, created three years ago: We are now looking at ways to enhance the interoperability of NATO and Russian forces for peacekeeping and counterterrorist operations.

That said, much more remains to be done to achieve the broad-based partnership to which we aspire. The potential of energy cooperation remains largely untapped, despite the launching of an energy dialogue three years ago. U.S. support for democratic development in countries along Russia's periphery has been misconstrued by many in Russia as aimed against Russian interests, and this in turn has hampered the cooperation that would redound to the advantage of the United States and Russia and to the countries of the region themselves. And domestic developments in Russia, particularly the growing concentration of power in the Kremlin, the waning accountability of the government to its

citizens, and reports of widespread and growing corruption, have raised doubts about Russia's commitment to the democratic values that must lie at the base of an enduring partnership. Over the past year, Russia's domestic policies and behavior in its neighboring regions have sullied its image in the United States, and Russia's own debate over relations with the United States has evinced growing suspicion - and I would add misunderstanding - of U.S. motives. As a consequence, the publics in both countries are now focused more on the problems in U.S.-Russian relations than on the opportunities.

Under these circumstances, how do we move forward toward a broad-based partnership? Three thoughts.

First, we need to remember that building such a partnership is a long-term commitment. Our vision and our policies are aimed not only at this but at future generations of Russian leaders and citizens. To move toward, and generate public support for, that vision, we need to demonstrate to skeptical publics in both countries that there is genuine substance to U.S.-Russian relations that brings tangible benefits now. That goal in part lay behind the initiatives the two Presidents announced during the Bratislava summit earlier this year, initiatives covering cooperation in the areas of nuclear security, counterterrorism, energy, trade and investment, space, humanitarian assistance, HIV/AIDs, and exchange programs. Working with our Russian colleagues, we chose these initiatives because each was clearly in the national interest of both the United States and Russia, and each country had something of importance to bring to the table that could be used to advance a common good. We also thought that these issues were of high enough profile to capture the public's attention and focus it on the benefits of U.S.-Russian partnership.

Since Bratislava, we have made considerable progress in carrying out these initiatives.

* On nuclear security cooperation, a key centerpiece of our mutual security, we have agreed on the set of Russian nuclear weapons sites that will receive accelerated security upgrades. While some issues still remain, we have advanced work on these upgrades, and the Russians themselves are devoting more resources to this effort.

* We have prioritized timelines to return fresh and spent highly-enriched uranium fuel from U.S.- and Russian- designed research reactors in third countries - the return of such fuel from a Czech reactor to Russia just a couple of weeks ago is the most recent example.

* On counterterrorism, we have agreed to information exchanges on MANPADS, and we are exchanging views on how to counteract IEDs, improvised explosive devices, that pose such a threat to our forces in Iraq and Russian troops in Chechnya. We continue efforts to disrupt financial networks that support terrorists.

* We are making progress toward concluding our bilateral negotiations on Russia's accession to the World Trade Organization, while insisting that Russia move aggressively to protect and enforce intellectual property rights.

* There is growing promise in energy cooperation, with several projects coming to fruition and new deals being announced. Gazprom is moving toward signing deals that would bring liquefied natural gas from the giant Shtokman field in the Barents Sea to U.S. markets by the end of the decade.

* U.S.-Russian private/public partnerships are working actively in heightening awareness of the HIV/AIDS issue in Russia and developing lessons for third countries.

Much remains to be done, of course, but over the past several months a positive momentum has developed on some key issues on the U.S.-Russian agenda. Positive interaction like this is essential to building the trust necessary to deal with more sensitive issues.

And this brings me to my second thought, on Russia's neighbors. This issue has become the subject of much commentary here and in Russia, particularly since the Rose Revolution in Georgia nearly two years ago. Our position is clear. We support the independence and territorial integrity of the states along Russia's periphery, just as we do the independence and territorial integrity of states elsewhere in the world. We believe that the advance of democracy and free-market principles is the best long-term guarantee for their security and prosperity, and, as elsewhere, the best defense against extremist ideologies and terrorist forces. We are confident that democratic, prosperous states along its borders are good for Russia and will reinforce Russia's integration into global security and economic structures. So we will continue to work with the states of East Europe, the Caucasus, and Central Asia, to advance these interests, bilaterally and multilaterally.

But we also need to be clear that our efforts are not intended to harm Russia's relations with these states. For a host of historical, cultural, political, economic, and other reasons, these states will occupy a special place in Russia's thinking and priorities. Russia needs to have good relations with them, and all these states will be better off if they have good relations with Russia. Indeed, it is hard to imagine durable security and economic structures along Russia's borders without Russia's active involvement. The challenge, as we move forward, is to manage and combine the interests of the countries of these regions, Russia, and other interested states into durable security and economic structures, taking into account the specific characteristics of and emerging trends in East Europe, the Caucasus, and Central Asia. Zero-sum thinking is not adequate to this challenge; something more creative is needed. And, to this end, as we build relations with these countries in their own right, we are prepared to sit down with our Russian colleagues - and with colleagues from these regions - to think through how we might do this, and the Russians have indicated they welcome such a discussion.

One final point on this issue: Some in Russia seem to see the advance of democracy along their country's borders as an American plot to weaken Russia and eventually drive it out of neighboring states. That is a great misreading of the situation. What we are witnessing in Georgia, Ukraine, Kyrgyzstan, and elsewhere is the slow emergence of the first truly post-Soviet generation. This generation is connected to the outside world, it has traveled abroad, it has seen first-hand the success of free-market democracies, and it

wants to replicate that success at home. This is not an American export, but the natural evolution of these post-Soviet states. And it is something to be welcomed, not resisted.

And this brings me to my final thought, on democracy. The President has made it clear that the spread of freedom and democracy is critical to America's security and that shared values of democracy and freedom are the essential foundation of an enduring U.S.-Russian partnership. The issues of democracy and freedom will inevitably attract greater attention as President Putin prepares to host the G-8 summit in St. Petersburg next summer and as Russia approaches the 2007/2008 electoral cycle. For these reasons, we have raised concerns about recent domestic developments in Russia. The concentration of power in the Kremlin, diminished public space for political debate, decreased governmental accountability before the public have all deprived the Kremlin of the reliable information, flexibility, and creativity it needs to deal with the challenges of the 21st Century and to be a reliable, strong, self-confident partner for the United States. These developments also erode the trust and public support we need to realize the full potential of our relations.

The big question for us is how to encourage the consolidation of democracy in Russia.

* Let me begin by saying that what we are looking for is steady progress, not instant perfection, and we realize that perfecting democracy is a constant task, one that is never fully accomplished. Russia has in fact made significant progress since the breakup of the Soviet Union. We are concerned about recent developments, not because we see a reversion to the Soviet system, but because we do not want to see a further delay in the development of democracy, towards which Russia was moving in the early 20th Century before the Bolshevik coup cut off this promising path.

* As the President has stressed, the United States also appreciates that, while the principles of democracy are universal, the forms in which they manifest themselves vary greatly from country to country based on history, culture, tradition, and other factors. But, in the end, all of us have to strive to meet the same fundamental international standards.

* As we promote democracy, we need to remember that, because of our close association with the developments in Russia in the 1990's, a period that most Russians view as one of decline and crisis, we have a credibility problem with many Russians when we speak about democracy in Russia or criticize their domestic policies, particularly at a time of robust economic growth.

If we are to regain credibility with the Russian public, we need to demonstrate that we appreciate the complexity of the challenges Russia faces. We need to be clear that our support for the rule of law and the sanctity of private property - issues raised by the Yukos affair - does not mean we support the socio-economic injustices that grew out of the flawed and often corrupt privatization processes of the 1990's or condone the often corrupting role of vast accumulations of wealth in the Russian political system. Freedom of the press concerns editorial independence and pluralism of opinion, not support for one set of oligarchs over others. In regard to Chechnya, we must be clear that our legitimate

concerns about serious human rights abuses by federal and pro-Moscow Chechen forces do not in any way diminish our commitment to work with Russia against terrorism and the appalling abuses that terrorists have inflicted on the Russian people, including yesterday in Nalchik.

Russia will need to deal with all aspects of the problems it faces if it is to consolidate a genuinely democratic society. That is an enormous undertaking, and we will not necessarily agree with the policy choices that are made, nor can we impose our views on Russia. But we can challenge our Russian counterparts to articulate their own strategy for consolidation of democracy, listen carefully to their plans and benchmarks, see if they make sense, and then watch to see if that strategy does indeed unfold. As we discuss these issues, we need to continue to pursue policies that help integrate Russia into rules-based institutions, such as the World Trade Organization, support civil society in Russia, and expand contacts between our two societies, particularly among young people, because that is perhaps the most effective way to promote democratic and free-market values over time. This, I would submit, is a constructive way of dealing with our concerns about democracy in Russia.

We have accomplished much over the past four years, yet much remains to be done in the next four to help realize the full potential of U.S.-Russian partnership. Each side needs to approach this relationship without illusions, and with a real appreciation of the hard work that will be needed on both sides to overcome the still lingering suspicions and distrust that are inevitable after decades of an adversarial relationship, the disappointments of the 1990's, and the uncertainties of the past four years. For our part, we will offer cooperation to Russia where our interests overlap and seek to minimize differences where they do not; we will continue to work with likeminded Russians in and out of government to advance democratic development in Russia because that is essential to enduring partnership; and we will make it clear that, under all circumstances, we are prepared to defend our interests, values, and friends. That is the approach we have taken in the past four years, and that is the approach, I would argue, that offers the best chance of realizing the still great promise of U.S.-Russian partnership.