



ISSUE BRIEF

Frances G. Burwell and Svante E. Cornell

TRANSATLANTIC RELATIONS PROGRAM

Rethinking the Russia Reset

The “Reset” Re-Imagined

The first phase of the US “Reset” of its relations with Russia has concluded. Launching a second phase will not be easy: with the Russian presidential elections in March, there will be only a brief window for moving US-Russia relations forward before the US presidential contest moves into full gear. Although the result of the Russian election was widely seen as pre-ordained, the protests following the parliamentary and presidential contests have added uncertainty. A new Putin administration will be challenged by many reformers, but the external impact of that growing internal divide is unclear.

Nevertheless, now is the time to design a new “Russian Reset” that could be launched in late spring. The first step is to recognize the successes of the Reset to date. The New START agreement was both the keystone success of the first phase and an indicator of how difficult progress can be. The treaty was not the only success of the Reset: along with the more positive rhetoric between Russia and the United States, Russia agreed to allow transport of lethal equipment to Afghanistan through its territory, and there is reportedly greater cooperation on counterterrorism. Russia also supported the tightening of United Nations (UN) sanctions against Iran, although it does not support the most recent move toward sanctions on Iranian oil exports.

In some areas, however, the Reset has delivered little progress. It has done nothing to recover Georgia’s territorial integrity or reverse the 2008 Russian invasion of that country. Moscow remains hostile to any indication that Ukraine may be moving toward a closer relationship with the European Union (EU), and its proposal for a Eurasian Union is clearly intended to keep its neighboring countries close. Nor has the Reset led to any strengthening of Russian democracy or even the protection of human rights and civil liberties. Rule of law continues to be weak and corruption endemic. While some in

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The recommendations presented in this issue brief were drawn from a workshop on September 9, 2011 in Washington, DC, which focused on the trilateral US-Europe-Russia relationship and the current status and future of the reset. The workshop included participation from more than 20 senior-level government officials, analysts, and practitioners from the United States and Europe. The authors are grateful for their insights, but they bear no responsibility for the content of this paper.

the West hoped that Dmitry Medvedev’s modernization initiative would lead to progress on those issues, the anticipated return of Vladimir Putin to the presidency must

Frances G. Burwell is Vice President and Director of Transatlantic Programs and Studies at the Atlantic Council.

Svante E. Cornell is Director of the Institute for Security and Development Policy, and Central Asia-Caucasus Institute at Johns Hopkins School of Advanced International Studies.

raise doubts. Indeed, the campaign has featured much tougher anti-US rhetoric, undoing some of the earlier progress.

Despite these concerns, there is still value in proceeding with a second phase of the Reset. Having stronger, more open ties between the United States and Russia can help reduce misunderstandings between two nuclear powers whose interests and activities often intersect. Even if the Reset has not delivered much progress in difficult areas, it is less likely that even modest gains would have been made in the absence of positive relations with the United States.

As plans are laid for the next phase of the Reset, history should inform the future. The successes of the current Reset have not been favors granted by Russia, but rather have been in the interests of both countries. The current Reset proved useful to the Russian government as it sought to demonstrate to its public that Russia had reclaimed the status of “great power.” To some extent, whether the Reset will continue depends on whether it remains useful in both the Russian and US domestic political arenas.

If the next phase of the Reset is to be anything but rhetorical, it must be based on concrete projects which speak to real interests in both the United States and Russia. The following issue areas offer the best chance of fruitful cooperation, or at the least, of establishing better mutual understanding.

- **Arms Control and Non-Proliferation:** With New START and the 123 Treaty concluded, the focus should move to European and regional arrangements, as well as global non-proliferation. The NATO-Russia Council could be a key institution given the likely prominence of missile defense in determining the prospects for further progress on arms control.
- **Economics and Energy:** With Russia poised to join the World Trade Organization (WTO), and facing declining prospects as an “energy superpower,” there may be real opportunities to build a stronger trade and investment relationship, and it is in everyone’s interest that Russian engagement in multilateral economic institutions is constructive.
- **Regional Politics and Western Engagement:** The countries of the former Soviet space were not part of the first phase of the Reset, but instead a rather contentious side issue, especially in the wake of the 2008 Russian invasion of Georgia. As the United States and Europe increase their engagement with the neighborhood

Ten Recommendations for US-Russia Reset:

1. Emphasize a trilateral Reset involving the United States, Russia, and Europe.
2. Focus Reset mainly on economic issues without neglecting other areas of potential cooperation.
3. Expand efforts between the United States and Russia to make progress on arms control.
4. Continue to assert the importance of developments in Russia’s human rights and democracy policies.
5. Collaborate with Europe to help Russia uphold its WTO obligations.
6. Remove barriers to US granting of most-favored-nation status to Russia, including Jackson-Vanik.
7. Prioritize the creation of robust investment protection and anti-corruption standards in Russia.
8. Encourage Russia to focus on economic modernization and facilitate discussions on how the United States and the EU might assist.
9. Gradually reengage former Soviet states in an effort to enhance security and resolve regional conflicts.
10. The United States and the EU should promote economic growth, along with stronger transportation and communication links, in the former Soviet states.

countries, there should be a clearer understanding of how this relates to the Reset and what limits it may impose on strengthening relations.

Shifting the focus of the Reset from US-Russia arms control and nuclear safety to trade and investment, energy markets, multilateral arms control, and the “neighborhood” countries means that the “Russian Reset” can no longer be a bilateral phenomenon. In all these areas, the European governments—as NATO and EU members and individually—have enormous stakes in the future of the Reset. Even more importantly, they bring assets and potential leverage to the table. The EU-Russia economic relationship, for example, is much more important than the US-Russia economic relationship. While trade with the EU accounts for 47 percent of all Russian trade—making the EU Russia’s largest trading partner—trade

with the US accounts for less than 4 percent.¹ Similarly, Russia is a major energy supplier for Europe, while playing a negligible role in US energy supplies. Even on arms control, some European countries and institutions (such as NATO and the European Union) are active on key issues, including missile defense, Iranian proliferation, and strengthening the Non-Proliferation Treaty (NPT). The EU is also a key player in six of the “neighborhood” countries through its Eastern Partnership, a program with which the US increasingly cooperates. If the purpose of the “Russia Reset” is not only to strengthen US-Russia ties, but also to engage Russia in a constructive way on issues of economics, arms control, and regional politics, Europe must be included in the effort.

Recommendation 1: The re-imagined Reset must be trilateral, engaging the United States, Europe, and Russia. The United States and Russia are still the only nuclear superpowers. Both see themselves as global players: the United States because of its strategic outlook and capabilities, and Russia because it views itself as a regional hegemon and major pole in a multipolar world. This outlook is more expansive than the regional perspective that is more common in Europe. However, when it comes to the practical efforts that must be the foundation for a new Reset, the United States and Europe must be partners in reaching out to Russia.

In the past, Russia has proven adept at driving a wedge between the United States and its European allies. It is true that US and European interests vis-à-vis Russia are not always identical. For the Europeans, Russia is a close neighbor and there are many interdependencies and “proximity” issues, such as visa facilitation and border security. For the United States, interests in Russia are more removed, particularly now that the Cold War is past. But neither the United States nor Europe will achieve their goals without a consistent and uniform message to Moscow. The United States cannot effectively push Russia to adhere to WTO obligations without similar pressure from Europe, which is the source of much more commerce. The United States and its European allies must be united on missile defense if the deployment of radar and interceptors is to be accepted, even grudgingly, by Moscow.

A trilateral Reset could also provide more focus to two institutions that bring the United States, Europe, and Russia to the table together: the NATO-Russia Council and the

Organization for Security and Cooperation in Europe (OSCE). Russia has not had easy relations with either institution, but both have served as effective forums for building limited trilateral cooperation on military-to-military cooperation, consequence management, and some confidence building measures.

Recommendation #2: The re-imagined Reset must have a heavier emphasis on economic issues as a way forward, while not neglecting other areas of Russian-West interaction. While arms control has long been key to US-Russian relations, helping Russia integrate into the global economy may bring the most chance of quick success. Moreover, a more open trade and investment relationship would be in the interests of Russia, Europe, and the United States. Such a shift in emphasis should not stop efforts to build on the success of New START or deal with the shortcomings of the previous Reset.

The Limits of the Reset

The first phase of the Reset was accompanied by a decrease in the level of Western attention to Russia’s domestic political climate. The “freedom agenda,” which had already weakened toward the end of the George W. Bush administration, was replaced by the Obama administration’s more realist perspective, which paid considerably less attention to the domestic concerns of US partners and adversaries. In the United States, as well as Europe, the financial crisis has led governments to look inward, making the upholding of democratic standards and human rights in other countries a secondary concern.

The shortcomings of this approach were evident even before Vladimir Putin’s September 2011 announcement that he planned to return to the presidency. Among Western governments, any remaining hope in Medvedev’s liberalizing potential had given way to disenchantment with a leader who said the right things, but never seemed to deliver. With the Russian government’s attitude toward human rights becoming ever more dismissive, the US government could no longer neglect the issue. In October 2011, the US assistant secretary of state responsible for human rights, Michael Posner, made a week-long trip to Russia where he met with rights activists and pledged to raise the profile of human rights issues.²

¹ Unless otherwise noted, all economic and energy statistics are drawn from Eurostat and the US Census Bureau.

² Kathy Lally, “US Reset with Russia at new stage as officials meet with human rights activists,” *Washington Post*, 15 October 2011.

Any second phase of a Reset must deal more openly with these issues. Ongoing public demonstrations following allegations of irregularities in the December parliamentary election have made clear that the Russian public has lost patience with the lack of reforms. The spring 2012 election will bring a sustained focus to Russia's human rights and democracy record. The United States and the EU are unlikely to be able to prevent this growing attention from affecting their Russia policies.

Recommendation #3: The re-imagined Reset must not neglect developments in Russia's human rights and democracy policies. The experience of the "Arab Spring"—which has undoubtedly inspired the Russian protestors—reminds us all of how quickly a political situation can change. The United States and the EU must comment on violations of human rights and democratic norms, despite Putin's notorious sensitivity to such statements from the West. Not to do so only encourages a cynical view of Western engagement with Russia, which alienates Russian democratic reformers and allows the Russian government to think the West will only stand by its basic values when convenient. This in turn weakens the credibility—at least in Russian eyes—of Western support for democracy and human rights in the region. In the end, if Russian leaders see the products of the Reset as sufficiently in their interests, they will agree whether or not the West has been critical of Russian observance of human rights and democracy norms.

The New Arms Control Agenda

Although the New START agreement was the centerpiece of the first Reset, arms control is unlikely to play such a central role, or have such a successful outcome, in the next phase. Because it reduced numbers of missile launchers to a level that both parties already saw as desirable, New START represented the "low hanging fruit" on the arms control agenda. An agreement on further reductions, or on another arms control issue, will be much more difficult. Still, a discussion of arms control remains an important, if not vital, part of the Reset, even in a second phase.

Arms control discussions could proceed in several areas over the next few years:

- Further reductions in US and Russian strategic weapons;
- The multilateral framework, aiming at progress before the NPT review in 2015;

- Conventional Forces in Europe (CFE), seeking to re-vamp the old Cold War arrangement and re-establish Russian participation
- Reductions or removal of tactical nuclear warheads from Europe; and
- A NATO-Russia agreement on a missile defense system.

The first option is unlikely. New START reaffirmed Russia's status as one of two global nuclear powers and also offered an opportunity to enshrine in treaty form a reduced level of weaponry that suited both signatories. Further reductions will be difficult, given the gap in conventional weaponry that makes Russian military planners stress a reliance on nuclear forces. Thus, instead of proceeding in a linear direction, pursuing more reductions in the START framework, efforts in the arms control area should shift to the multilateral level, involving the Non-Proliferation Treaty (NPT) framework or NATO allies. More players certainly complicate any prospect of successful negotiations, but most options other than START will require agreement beyond the United States and Russia. Even in arms control—the flagship of the first Reset—it is time to move beyond the bilateral US-Russia framework.

Three potential efforts present the most likely chance of some progress in arms control in the next few years, although even these successes are likely to be modest:

- The United States, Russia, and European nuclear weapons states should take the lead in enhancing the international inspections system. The verification procedures established under the New START treaty represent a step forward in using on-site inspections to support an international arms control agreement. The lessons learned from this process, as well as the Intermediate-Range Nuclear Forces (INF) verification regime, could feed into an enhanced international inspections system run by the International Atomic Energy Association (IAEA) in support of the NPT.
- The United States, Russia, and European governments should focus on enhancing Confidence and Security Building Measures (CSBMs) such as those in the 1999 Vienna Document and the Open Skies accord, rather than a wholesale renegotiation of CFE. Perspectives on CFE are too far apart now to make a comprehensive negotiation productive. In contrast, the Vienna Document and Open Skies accord are working well and contributing to regional transparency on military

movements and capabilities. Enhancements will be required to take into account constantly advancing technologies, but the parties may also be able to identify some specific enhancements (including more frequent inspections) to be applied between countries where tensions are high.

- As NATO moves toward declaring that the missile defense system has achieved initial operational capability at the Chicago NATO summit in May, greater efforts should be made to bring Russia into this system and assuage its concerns. Although Russian concerns that this system will erode Russian deterrence capability seem vastly exaggerated, these concerns should not simply be dismissed. A declaration in the NATO-Russia Council that this system is not intended to be used against any of the parties could be useful. There may also be an intersection with the current Alliance discussion about whether to keep tactical nuclear weapons in Europe, depending on the outcome of NATO's Deterrence and Defense Posture Review (DDPR) and the commitment of European host countries to undertake needed upgrades in delivery aircraft.

Russia in the Global Economy

As the US-Russia Reset faces a transition, so too does the Russian economy and its position in the global economy. Since the fall of the Soviet Union, the Russian government has relied largely on the exploitation of natural resources, especially of oil and natural gas, to provide revenues. In 2010, oil, gas, metals, and timber comprised 80 percent of Russian exports and energy accounted for 63.5 percent of export revenues. At times, this strategy has worked extremely well. In 2008, Russia held foreign exchange reserves of \$600 billion, largely earned through oil and gas exports, making it the third largest holder of foreign reserves.³ But while oil sold in mid-2008 for \$132 per barrel, it declined sharply that year to \$41.53 per barrel and today the price hovers about \$100 per barrel. Not only does Russia face falling prices, it also must cope with greater competition, especially in European energy markets. The EU, for example, received 80 percent of its gas supplies from Russia in 1980, but now this is closer to 40 percent,⁴ with only 31 percent of all EU fuel imports coming from Russia. With greater liquefied natural gas (LNG)

availability now and alternative pipelines possible in the future, as well as new potential sources of unconventional gas within the EU, Russia is unlikely to regain market share in Europe. Outside Europe, other new sources of gas are likely to make prices sink even lower, as Russia faces a challenging market.

Having realized that oil and gas may not be a sturdy foundation for the economy, the Russian government has recently stressed the importance of "modernization." This term is rarely defined, but the efforts seem focused so far on creating zones of economic innovation that could spur new industries. To date, there is little to show for this effort, and few observers are optimistic. Nevertheless, Russia has consistently been a high growth country in recent years, including in the consumer market. The Russian government also re-energized its bid to join the WTO and concluded the necessary agreement in late 2011. This could reduce tariffs globally on Russian goods and services, but, of course, Russia must also reduce its trade barriers.

For the United States and the EU, this shift in Russian economic prospects and priorities offers some opportunities to build closer ties with Russia and even to reinforce the importance of rule of law and better economic governance within that country. This is not something that the United States can do on its own, as its economic relationship with Russia is so paltry. US trade with Russia totals only €16.5 billion; while EU trade totals €246 billion (this is still less than ten percent of the EU's global trade). Investment figures are similarly uneven, although low for both parties. US investment in Russia is negligible, while EU investment totaled €88 billion in 2010. If the United States wants the next phase of the Reset to contribute to Russia becoming more integrated into the global economy, it must seek this goal in partnership with Europe.

- The United States and Europe should collaborate to help Russia take up its new WTO obligations and to monitor compliance. US-EU coordination has been crucial in achieving progress towards Chinese adherence to WTO disciplines and it will be an equally rocky road for Russia.
- The United States must remove its own barriers to Permanent and Normal Trade Relations (PNTR) with Russia, including repealing the Jackson-Vanik amendment. Established to ensure freedom to emigrate

³ Torbjorn Becker, "Russia's Economy: Lessons Learned and Policies for the Future," in *The Transatlantic Partnership with Russia*, edited by Frances Burwell and Svante E. Cornell, 2012.

⁴ Geir Westgaard, "Russia as a Petro-State" in *The Transatlantic Partnership with Russia*.

for Soviet Jews, this amendment has largely achieved that goal. Once Russia is a WTO member, all other members are expected to reduce their trade barriers to the established PNTR level, if not below. If Jackson-Vanik remains, the United States alone will still have higher tariffs, making it impossible to grow stronger trade relations. More congressional familiarity with Russia as a potential economic market would help change this situation, and efforts to launch a congressional caucus on Russian trade and investment, or to initiate a Congress-Duma dialogue, would be helpful along these lines.

- The United States and the EU should encourage Russia to focus on economic modernization and undertake a serious discussion of what this would entail. To date, the modernization plan described by Medvedev shows every indication of being state-driven and without the flexibility and innovative capacities that allowed Silicon Valley to succeed, for example. The EU and Russia launched a “Partnership for Modernization” in June 2010, to address a broad range of issues from alignment of technical regulations and standards to promotion of joint technological research. It is too early to judge its effectiveness, but a few top priorities should be identified for moving forward. Preferably these steps should include technical support for small and medium enterprises and alignment of regulations that would have a short term economic benefit, rather than focusing on harder issues such as climate change targets or protection of intellectual property rights. Moreover, the United States should become engaged in this process.
- The United States and the EU together should negotiate with the Russians to establish robust investment protection and anti-corruption standards. Fear of corruption and a lack of effective protections have made Russia a chilly place for foreign investors. However, investment will be crucial to any Russian attempt at economic modernization or even expansion of energy production.

Seeking Progress in the Post-Soviet Space

The dog that has not barked in the Reset has been the issue of the countries in the former Soviet space. Indeed, Western engagement with these states—especially US military bases in Central Asia and the Georgian and Ukrainian bids for NATO membership—has proven to be the most acrimonious issue in relations between the West and Moscow. Thus, Russia overtly sought to pressure Kyrgyzstan into closing the Manas air base and helped overthrow the Kyrgyz government when it failed to do so. Some of the most heated exchanges between Western and Russian leaders have taken place over Ukraine and Georgia, most memorably perhaps Putin’s outburst to George W. Bush at the 2008 NATO summit in Bucharest that, “don’t you know, George, that Ukraine is not even a state?”⁵

On the Russian side, the Reset was made possible by the fact that a new US administration admitted past mistakes, presumably including attitudes towards Russia’s neighborhood. No Reset has taken place on the Russian side in this regard: while Russia has proven cooperative on issues relating to Afghanistan and Iran, its policies toward the former Soviet space have not changed. Russia openly demands a sphere of privileged interests in the territory of the former Soviet Union, and has made it abundantly clear to Western powers, especially the United States, that obtaining recognition of this sphere has been Russia’s number one priority in the Reset.

Western powers, however, have refused to acknowledge a Russian sphere of influence and have directly rejected it. Secretary of State Hillary Clinton, speaking in Paris in January 2010, stated that “we object to any spheres of influence claimed in Europe in which one country seeks to control another’s future.”

How then has the Reset policy continued to be successful? The answer is that while rejecting the sphere of influence in name, Western powers have been careful not to make moves in the former Soviet space that could irritate Moscow. Thus, in order not to jeopardize the Reset, the Obama administration—while agreeing to disagree with Moscow on Georgia—has not devised policies to help Georgia regain its territorial integrity, attach cost to Russia for its occupation, or

⁵ James Marson, “Putin to the West: Hands Off Ukraine!,” *Time*, 25 May 2009.

provide security for Georgia. Most symbolically, the United States for a time refused to sell Georgia defensive weapons. US weapons sales to Georgia, which surpassed \$10 million since 2003, dropped to zero in 2009.⁶ While these sales were never consequential in military terms, their cessation amounted to effectively upholding Russia's preferred policy on Georgia, an arms embargo.⁷

Similarly, Washington failed to react to Moscow's assertive military moves, especially the extension of the Russian bases in Armenia and Ukraine, and did not comment on the French government's sale of Mistral warships to Russia. Former National Security Advisor James Jones even stated that the issue was not "of particular concern to us."⁸ In Kyrgyzstan, the Obama administration remained mum about Russia's overt moves that helped unseat the government of Kurmanbek Bakiyev in April 2010. Washington's position was complicated by the thuggish nature of the Bakiyev regime, a fact it had not paid considerable attention to. Nevertheless, the fact was that Moscow moved to support Bakiyev's ouster as a direct reply to his decision to renege on a promise to close the US military base in Manas. When ethnic unrest erupted in southern Kyrgyzstan, where Moscow has long sought to deploy a military base of its own, Washington tacitly endorsed rather than opposed Moscow's initial attempts to deploy a "peacekeeping" operation.

Moscow's agenda has been both unchanged and ambitious but it has not been successful in achieving its main goal, restoring Russian dominance over former Soviet republics. The government of Mikheil Saakashvili in Georgia survives, having weathered serious internal storms while maintaining substantial public legitimacy and continuing—though perhaps slower than before—its reform agenda.⁹ Similarly, Russia's renewal of its basing agreement with Armenia, and attached arms supplies, led to the abrupt end of any Russian-Azerbaijani honeymoon, preventing Moscow from capitalizing on Baku's frustration with the West. In Moldova, Russian encroachments failed to measure up to the gravitational pull of the European Union. In November 2010, the fractured

coalition government, aptly named the "Alliance for European Integration," won renewed confidence in an election, and was reconstituted, dashing Moscow's hopes of returning the Communist party to power.¹⁰ Meanwhile, Russia's relationship with close ally Belarus has deteriorated significantly. In November 2010, Belarusian strongman Alexandr Lukashenka even refused to meet with visiting Russian foreign minister Sergey Lavrov.¹¹ In addition, Uzbekistan and Turkmenistan have increasingly distanced themselves from Moscow, with Tashkent reacting against Moscow's meddling in Kyrgyzstan's affairs and Ashgabat being infuriated by a May 2010 explosion on a gas pipeline linking Turkmenistan to Russia. This explosion appeared to be a result of Russia shutting valves to the pipeline.¹² Only in Ukraine did Russia score notable advances such as the extension of the Sevastopol naval base. Yet, even there, Moscow appears to be pushing the Yanukovich regime so far as to generate resistance against its ambitions. In sum, Moscow's aggressive tactics have largely failed to bear fruit, but have contributed to deepening instability throughout the post-Soviet sphere, and complicated efforts at conflict resolution and development in the region.

If, as expected, Putin regains the presidency, the importance that Moscow attaches to primacy in the post-Soviet space is likely to grow rather than abate. Meanwhile, there are signs that both the United States and the EU are beginning to increase their level of engagement in the post-Soviet space. Washington officially adopted a "New Silk Road Strategy" in September 2011, which while built around Afghanistan, commits America to long-term engagement with the states of Central Asia and the South Caucasus, the western bottleneck of the Caspian region. This is linked with the return of pipeline politics to Eurasia, reminiscent of the 1990s, with the only difference being that the present-day game is centered not on oil but natural gas. As part of the New Silk Road Strategy, Washington endorses the Turkmenistan-Afghanistan-Pakistan-India pipeline; as for the EU, it officially endorsed a Trans-Caspian pipeline in October 2011, which would bring Turkmen and Kazakh natural gas across the

⁶ See Richard Lugar, *Striking the Balance: U.S. Policy and Stability in Georgia*, Report to the Committee on Foreign Relations of the U.S. Senate, December 22, 2009, 14, <http://lugar.senate.gov/issues/foreign/georgia/>.

⁷ Author's interviews with Defense Department official, Washington, DC, May 2010; Joshua Kucera, "Tbilisi Pressing Washington to OK Defense Purchases," *EurasiaNet*, September 15, 2010, <http://www.eurasianet.org/node/61934>

⁸ Laure Mandeville, "La Relation entre Sarkozy et Obama est Très Saine", *Le Figaro* (Paris), March 26, 2010.

⁹ Svante E. Cornell and Niklas Nilsson, "Georgian Politics since the August 2008 War", *Demokratizatsiya*, vol. 17 no. 3, Summer 2009.

¹⁰ Vladimir Socor, "Moldova's Alliance For European Integration: a Team of Rival Parties", *Eurasia Daily Monitor*, vol. 8 no. 5, 7 January 2011.

¹¹ "Relations between Russia, Belarus unchanged – Lukashenko", *RIA Novosti*, 25 November 2011.

¹² Robert N. Cutler, "Turkmenistan Confirms Export Shift Away from Russia", *Central Asia-Caucasus Analyst*, vol. 12 no. 16, 1 September 2010, p. 9.

Caspian to Azerbaijan, and link up with the planned Southern Energy corridor of the EU. Both pipelines serve to deprive Russia of its monopoly over the exportation of Caspian energy reserves, and therefore directly challenge Moscow's sphere of influence. It remains to be seen how Russia will respond to these new policies, and whether it will affect the fate of the Reset.

- The United States and the EU should continue to communicate to Russian leaders their belief that a Western role in the former Soviet Union is in the long-term interest of Russia, and maintain full transparency in their activities in the region, while sticking to a principled position that their engagement with other sovereign states are not dependent on, or linked with, their engagement with Russia, or any other power in Eurasia.
- The United States and Europe should gradually re-engage the states of the former Soviet Union, and increase their efforts to enhance security and conflict resolution in the region. More specifically, the United States should step up its role in the OSCE Minsk process to resolve the Armenian-Azerbaijani conflict, where it is a co-chair, and encourage a greater role for the EU in that process.
- The United States, which has just adopted a "New Silk Road Strategy" focusing on transportation and communication across Eurasia, should seek to obtain European cooperation in this effort to boost economic development in greater Central Asia. Jointly, they should seek to engage Russia in this regard, and ensure that Russia be given the opportunity to benefit from the transportation projects being developed, and the trade ties to Asia that the strategy entails.

Conclusion: The Importance of Action

Re-launching the Russian Reset will not be an easy task, particularly as both the United States and Russia face elections in 2012. However, leaving the development of a new agenda until sometime in 2013 will leave US-Russia relations adrift. It will be too easy for the relationship to become dominated by campaign rhetoric (on both sides) and by disagreements over Iranian oil sanctions, Georgia, and other issues. The Reset provides a focus to the relationship, pushing both parties to move forward toward achieving a concrete benefit.

The next phase of the Reset cannot simply be an extension of the first. Arms control is likely to yield fewer achievable aims now that New START has been attained. Russia's accession to the WTO, however, may provide an opportunity for a new focus on economic issues, and particularly for ways to aid Russia's integration into the global economy.

For this effort to succeed, Europe must become an integral partner in a re-imagined trilateral Reset. It is Europe that brings economic leverage in Russia, while the US-Russia economic relationship has a strong potential for growth if Jackson-Vanik and other barriers can be removed. By encouraging Russia to take steps towards genuinely modernizing its economy, the United States and the EU can demonstrate that this next phase of the Reset could also benefit the Russian people. As Russians seem to be losing patience with the corruption of their political system and economy, the United States and the EU must make clear that the Reset is not an excuse for ignoring Russian abuses of human rights and democracy. A re-imagined Reset does not mean giving short shrift to Western values, but rather must base its success on bringing concrete, practical benefits to the United States, the EU, and Russia together.

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1101 15th Street, NW, Washington, DC 20005 (202) 463-7226
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