Thank you, Chairman Biden, Ranking Member

Lugar, Senators. I appreciate the invitation to appear before you.

Russia is a great country, and one with which we must work. We

have significant areas of common interest, we have significant differences.

We are in a complicated period in relations with Russia,

and so, this hearing is well timed.

Our strategic approach to Russia means that we defend and advance

our interests while building on areas of common concern, as

we have done. It means we must find the right balance between

realism about Russia and the higher realism of commitment to defend

and advance our values.

Russia today is not the Soviet Union. As President Bush has

said, the cold war is over. But the world has recently witnessed

statements and initiatives from Russia that puzzle and concern us.

In the past few months, Russian leaders and senior officials have

threatened to suspend Russia’s obligations under the CFE Treaty,

criticized United States plans for a modest missile defense system,

attacked United States agreements with Romania and Bulgaria to

establish joint training facilities in those countries, and resisted a

realistic prompt resolution of Kosovo’s final status.

These and other policy concerns have been accompanied by an inconsistent,

but worrying toughening of Russian rhetoric about the

United States and the outside world. And all this occurs against a

background of steady deterioration of democratic practices within Russia.

Yet, in other critical areas, our cooperation is advancing. These

include nonproliferation, including nuclear nonproliferation; cooperation

on North Korea, and, in general, Iran; counterterrorism—and here,

I would like to note Senator Biden’s important

proposal to create an international nuclear forensics library; cooperative

threat reduction efforts which result from Nunn-Lugar legislation;

the NATO-Russia Council, and the WTO accession process.

Against this complex background, President Bush and President

Putin will meet in Kennebunkport, a venue intended to allow the

leaders to step back, consider how to avoid rhetorical escalation,

and concentrate on a common agenda.

Many ask why Russia has sharpened its rhetoric. While Russia’s

electoral season may play a role, there may be deeper causes having

to do with Russia’s view of its recent history and its place in the world.

Most in the United States and Europe saw the end of communism

and breakup of the Soviet Union as an extension of the

self-liberation of Eastern Europe starting in 1989. We hoped that

Russia, liberated from communism and the imperative of empire,

would follow the same pattern. But many Russians see the 1990s

as a decade of decline and chaos. Many have bitter memories of

that time: The wiped-out savings, the increasing dysfunctionality of

the state, the rise of corrupt oligarchs. Many Russians associate

these internal problems with democracy and reform, and also link

them with the trauma of perceived external retreat. In Russia, the

perception exists that the collapse of the Soviet Bloc undid Russia’s

political gains in Europe in the 20th century, and that the dissolution

of the Soviet Union undid much of Russia’s territorial expansion

from the mid-17th century.

In fact, the 1990s brought about a Europe, whole, free, and at

peace, working with the United States, and with Russia welcome

to play its part as a valued partner. In the view of many Russians,

however, the European order that emerged in the 1990s was imposed

on a vulnerable Russia. Many Russians cite NATO enlargement,

the pro-Western orientation of Georgia and, to some extent,

Ukraine, and the unqualified and enthusiastic integration of the

Baltics, and even Central Europe, into the Euroatlantic community

as an affront. For many Russians, this order is unjust and something

to be challenged, and perhaps revised.

In Russian history, periods of domestic disorder ended with the

reemergence of strong rulers. President Vladimir Putin is often

seen by Russians in this context, as a popular restorer of order and

a state-builder. President Putin’s popularity appears partly related

to Russia’s new wealth, generated in part by high world prices for

oil and natural gas. But Russians also see him as a leader who has

halted Russia’s international retreat and sought to reverse it.

Mr. Chairman, to understand is not necessarily to agree. The

United States does not regret the end of the Soviet Bloc. The

United States does not believe that any nation has the right to a

sphere of influence over unwilling countries. My purpose is not to

justify, but to explain, and this may provide context for current

Russian-American relations and some recent Russian rhetoric and actions.

President Bush and the administration have avoided a rhetorical

race to the bottom. We have sought to address problems in a constructive

spirit wherever possible, while, at the same time, remaining

firm in defense of our principles and our friends. The administration

seeks to protect and advance the new freedoms that have

emerged in Eastern Europe and Eurasia in parallel with the development

of partnership with Russia. Nevertheless, Russia’s historical

view seems to affect its relations with the world and the

United States, especially in the region close to Russia. Zero-sum

thinking is evident in Russian allegations that United States plans

to establish rotational training facilities in Romania and Bulgaria

are a potential threat to Russia and constitute permanent stationing

of substantial combat forces. They charge that these plans

violate the NATO-Russia founding act. Neither is true, however.

Last April 26, President Putin suggested that he would consider

suspending Russia’s implementation of the CFE Treaty. At the Extraordinary

Conference on CFE in Vienna last week, which I attended

as head of delegation, we and our allies stated that we regard

CFE as a cornerstone of European security. We will work to

address Russia’s problems, but not at the expense of the integrity

of the treaty regime. Russia has reacted with hostility to plans by

the United States to place elements of a limited missile defense

system in Poland and the Czech Republic, intended to protect us

and our allies from threats from the Middle East.

At the G–8 summit, President Putin proposed that the Russianoperated

radar in Azerbaijan be used jointly for missile defense

purposes. This promising proposal implicitly acknowledged the potential

ballistic missile threat from Iran, though recent statements

from Russia are mixed. We look forward to discussions.

In Kosovo, a U.N.-mandated negotiating process led by Martti

Ahtisaari has concluded that the only solution is internationally supervised

independence for Kosovo. We now seek a U.N. Security

Council resolution to bring into force Ahtisaari’s plan. The status

quo is not stable. U.S. and European troops under NATO must not

be put into an impossible position.

In rejecting independence, Russia suggests that a Kosovo solution

will constitute a precedent leading to the recognition of the

independence of Abkhazia, South Ossetia, and Transnistria. We’ve

made clear that these are very different situations.

Russia’s energy resources constitute a source of national wealth,

but also leverage, in its region, and perhaps beyond. Last month,

the Presidents of Russia, Kazakhstan, and Turkmenistan issued a

declaration pledging to cooperate on increasing natural-gas cooperation

and development. This declaration attracted misplaced

speculation. In reality, it need have no direct impact on U.S. Government

efforts to develop multiple gas pipelines from the Caspian

region to Europe. We do not believe in monopolies, but in competitive,

open markets. We seek an open and cooperative energy relationship

with Moscow. The United States also strongly supports

Russia’s WTO accession and seeks prompt graduation of Russia

from Jackson-Vanik restrictions.

Russia’s relations with its neighbors, Europe, and the United

States, take place alongside of broader troubling trends within Russia

itself. Increasing pressure on journalists is especially troubling.

Most television networks are in government hands or owned by allies

of the Kremlin. Attacks on journalists, including the murders

of Paul Klebnikov and Anna Politkovaskaya, among others, chill

the media.

The United States and its European allies continue to support

Russian democracy and civil society. We are not, charges to the

contrary, seeking to interfere in Russia’s domestic political development.

We will, however, always stand for the advance of freedom

and democracy. America and most of Europe abandoned, some time

ago, the notion that the internal character of nations was none of

our business.

Mr. Chairman, we will be working with a more assertive Russia

for some time. We welcome a strong Russia, but one that is strong

in 21st-century, not 19th-century, terms. A modern nation needs

strong, democratic institutions and civil society groups. A truly

strong and confident nation has respectful relations with sovereign

neighbors. We must remain steady. And, as a steady country, we

must work with our European partners to devise common approaches.

We cannot give way to lurches of exaggerated hopes followed

by exaggerated disappointment. We must simultaneously advance

our interests and values, pushing back when necessary,

while seeking to broaden and deepen cooperation with Russia.

Mr. Chairman, Senator Lugar, members of the committee, three

American administrations have achieved much in Europe and with

Russia since 1989. I hope we can take lessons from our successes,

as well as learn our lessons about continuing challenges. And I look

forward to your questions.

Thank you for your attention.

At a first cut of an answer, I would say it

is simply not true that we have been silent in the face of Russian

pressure on some of its neighbors.

I’d put it this way. I think, in the period

2003–2004, it weakened the dispute over Iraq, weakened transatlantic

solidarity on other issues, and that was a very difficult period.

It’s a period when President Chirac, Chancellor Schroeder,

were toying—seemed to be toying with the notion of Europe as a

counterweight to the United States, and, in that context, it was

harder to develop what you, sir, rightly say ought to be a common

United States-European approach to Russia.

However, since 2005, and since President Bush went to Europe,

after his reelection, and reached out to Europe, that period has

been put in the past. We’re working very well with the Russians

on some issues. We’re working very well with the Europeans as we

deal with Russian issues. We’ve been working with the Europeans

on Baltic issues, on CFE, on issues of energy security.

So, I think that the linkage that Professor Brzezinski makes is

not accurate with respect to current United States-European cooperation.

And I’d like to cite Chancellor Merkel, who has managed

to work with us very well while maintaining a somewhat critical

position on other issues, such as Guantanamo.

Demographic trends, until very recently,

have been very bad for Russia; that is, the lowered life expectancy,

less-than-replacement birthrate. Public health issues have been of

great concern to the Russians, and the statistical basis for that is

clear. I should add, as a footnote, that the—in the last year, some

of these statistics have begun to turn around, so we have to withhold

judgment about projecting into the future.

What it means, if you think strategically, 15 or 20 years out, it

may mean that Russia’s current tensions with the United States

and some of its neighbors are not necessarily the future that a future

Russian leadership may look differently about Russia’s priorities.

A strong Russia may find its way, not by getting into wrangles

with the United States, but by addressing some of these problems

internally; at least that is to be hoped.

I’m not one of the experts on that. There are

people who are working on it. We do want to work with Russia to

develop a post-START regime. We want to maintain transparency.

We want to maintain predictability. There are discussions going on

with the Russians now about how to do that. There are ways—

there’s a—there are a range of options, some more formal and

elaborate than others, but we certainly do want to have a predictable

and confidence-building post-START regime.

Senator, I will certainly take back to my colleagues

the—your strong views. I can only add that we take seriously

the need for a post-—for post-START arrangements that will

make both sides believe that they are better off. We’re working

with the Russians now, working through the details. The negotiations

are going on. We’ve exchanged ideas. And we’re looking at

this in a cooperative, collaborative spirit.

So, post-START arrangements certainly belong on the positive

side of U.S.—the ledger of United States-Russian relations, and it’s

our intention that they stay that way.

Here, too, we are making good progress with

the Russians. We hope to be able to conclude a ‘‘123 agreement,’’

which provides for peaceful uses of nuclear energy, and would

allow for commercial trade of nuclear materials and technologies,

to some of the ends you’ve suggested, sir.

We are also working with the Russians on what’s called the

Global Nuclear Energy Partnership, so-called GNEP. This is a joint

initiative that we’ve been working on for a year. It’s a very bold

initiative that does, as you said, expand nuclear energy—peaceful

nuclear energy development and mitigating proliferation risks.

Under this—under GNEP, supplier countries would provide fuel

services on a commercial basis, but an attractive basis, to countries

that employ nuclear energy for peaceful purposes, but forego the

acquisition of sensitive fuel-cycle technologies. This is a serious initiative.

It is moving ahead. We need a ‘‘123 agreement’’ to keep

moving, but, happily, this is an area where we are making steady

progress, and hope to continue to do so.

This is an issue on which we’re working actively,

and, I’m happy to report, productively.

We support Russia’s entry into the WTO.

They’re the—one of the largest nations in the world not in the

WTO regime. We think it would be helpful, for all of the reasons you cited.

That said, we’re not going to cut Russia a special deal, they have

to meet the requirements that we put forward for every country.

We’re working through that. We have had a—some successes, and

we’ve concluded our WTO bilateral agreement. We’re now working

through the multilateral WTO process, and issues like agricultural

trade, intellectual property rights, are things that we’re still working

through. But there is no question that the administration supports

Russia’s early accession to the WTO, and we’re putting our

energy into this.

I have to start with the caveat that it is always

difficult to predict what the two Presidents, or any two Presidents,

will, in fact, discuss. We, in the bureaucracy, can serve up

any number of papers, and then they do what they want.

But, that said, we are looking at a couple of things. First, it’s an

opportunity to get out of Washington and out of Moscow, and to

have in-depth conversations about the relationship and where—and

the direction it’s going. Kennebunkport is—can be the setting for

informal discussions, and I think that we’re looking at this in that

context.

There are a number of issues that could easily come up. During

the President’s discussion at—on the margins of the G–8, there was

a lot of time devoted to missile defense. Issues that could come up

include missile defense, Kosovo, the general tone of relations, nuclear

cooperation in some of the areas where we’re making real

progress. But, again, this is more of an occasion for an in-depth

look at the strategic direction of relations, and an effort to put

things on a good course for the future. The advantage of a site like

Kennebunkport is that it provides a venue for just that kind of discussion.

There are a number of topics which we would

like to engage President Putin on. I’m just being realistic about the

way these things work. There are a number of particular items

high on the bilateral agenda now. I mentioned some of them. And

I don’t—I expect they will come up. But there’s a larger context,

and I think that the two leaders may discuss—again, ‘‘may discuss’’—

the broader direction of relations and developments in Russia

and its neighborhood, and some of the things that have been

troubling United States-Russian relations in recent months.

That’s certainly the case.

With respect to missile defense, we were intrigued, and remain

very interested, in President Putin’s proposal, which he made at

Heiligendamm, to allow for joint use of the Russian radar facility

in Azerbaijan. Our view is that the Russians, by opening up this

possibility, have opened up the way for a much larger discussion

of missile defense, and the possibility of United States-Russian cooperation

on missile defense. In our view, missile defense is not intended

to degrade the Russian nuclear arsenal, but is intended to

deal with much smaller threats to missiles—you know, two, three

missiles from a regime like Iran or some other regime in the region,

in the future.

Since Russia is not intended as the object of the missile defense

system, it stands to reason that we would want to work with

Russia to deal with common threats. Ideally, the United States could

work with Russia, we would work with our European allies, we

would work with the Poles and Czechs, and all of these systems

could be made compatible so that everyone’s security would benefit.

We hope to have experts-level discussions on the Russian proposal

soon. We’ve offered to engage in discussions with the Russians

on President Putin’s proposal. We hope they take us up.

With respect to Kosovo, we have had intense discussions with the

Russians for some time now. The issue has moved to the United

Nations, where we and our allies have introduced a resolution to

implement the Ahtisaari plan. Ahtisaari plan provides for Kosovo’s

supervised independence and for extensive protections for the Serb

community. Russia has not accepted this approach. They have said

that this whole issue needs more time. In our view, this—the situation

on the ground will only deteriorate with time. As President

Bush said last week in Albania, the time is now to get moving on

a solution. So, we have some intense work to get—ahead of us with

the Russians.

That’s quite right.

Senator, we believe in an open and competitive

energy regime—open upstream, at the producers; open through

transport, open pipelines; and downstream, at the consumer level.

We don’t believe in monopolies or cartels. We think that there

ought to be multiple sources of transport, multiple sources of gas

for Europe, and we’ve made our views very clear.

We’re doing several things at once. We are working with the Europeans

on a common energy strategy, based on these principles.

We’re also working with the Russians so that they properly understand

our policy. We want—we believe that Russia’s energy future

will require massive upstream technology and investment, and we

think that a open and welcoming investment climate is conducive

to that. So, we are working on multiple levels at once, with the

Russians, with the Europeans and with the producer countries, including

in Central Asia.

This is—this issue is going to take some years to develop. We’ve

had some successes with the Baku-Ceyhan oil pipeline, the

Shtokmanese gas pipeline, and we want to build on that. There’s

much more I could say, but that’s a—that sketch covers the bases.

Sure.

Senator, those are excellent questions. And

those are the ones we are dealing with on a daily basis.

First of all, the good news is, I think we—the international community

is ready to support a settlement based on the Ahtisaari

plan. NATO has increased its forces, its readiness, and its ability

to keep order. We have been working very closely with our NATO

allies, and we’re confident that they’re in much better shape than

they were during the March 2004 riots, and they’re ready to handle

security challenges.

On the civilian side, we are ramping up, preparing for the international

civilian supervision of Kosovo during its transition phase.

The European police mission and—law enforcement mission—is

also similarly ramping up. I’m confident that we’re ready to do this.

Under Ahtisaari, there would be 120-day transition period, where

we would actually stand up these bodies, but a lot of work is being

done on the ground right now. And, Senator, I’m happy to provide

details to you.

And I appreciate both your interest and your

insights that you’ve shared with us over the past year and a half.

Your second question has to do with Russian motives. And, of

course, that’s hard, as an outsider, to evaluate. The Russians have

not linked Kosovo with other issues, such as missile defense.

They’ve just not made the linkage. They have, however, made the

linkage between Kosovo and other separatist conflicts: Abkhazia

and South Ossetia, in Georgia; Transnistria, in Moldova. In our

view and the view of our European allies, Kosovo is a unique case.

It has no precedent value. It’s unique because of the way Yugoslavia

fell apart, unique because of the Security Council Resolution

that has put Kosovo under U.N. administration for the past 8

years. It has no bearing on the other separatist conflicts. Russia

disagrees. They have said that, if Kosovo is independent, it is possible

that Abkhazia and South Ossetia should be, as well. We consider

that to be an—we disagree with that position. We believe,

and have said so publicly and privately, that we support the territorial

integrity of Georgia. So, we do—we want to draw a hard-line

under Kosovo and say that this is a one-off case. We don’t like it—

we don’t like the notion of precedent.

If there’s no U.N. resolution, we obviously have a much more difficult

situation. It is much better to do this with a Security Council

resolution than without. There is no advantage to doing it without

a resolution, there are only disadvantages. However, the situation,

as I’ve said, will not improve with age and neglect. We can’t stay

where we are and hope just to kick this can down the road. There

are some problems that have to be dealt with. We’re in very close

consultations with our European partners about exactly this question,

and, as President Bush said last week, the time is now to

move ahead—hopefully, through the U.N. process, but, in any

event, we can’t simply kick this down the road and hope for the best.

It could be very difficult, indeed, and I completely

agree with you that we need to be working in lockstep with

our European partners. We’re—we are going to work with them

every step. We’re in close consultation with them. And you are

right, that Kosovo affects their security more than ours. So, when

I say that we’re working through these issues with the Europeans,

I do mean it. We take that very seriously.

I also agree that it is in no way advantageous to do things without

a Security Council resolution. Doing things with a resolution

certainly is our preference. Yesterday, we and our allies introduced

a resolution in New York. We stand by that. And we want to work

through the U.N. process. That certainly is our preference, and we

would—we hope that Russia will help us. But, in any event, we’re

going to work with our European colleagues very—and allies—very closely.

We have made issues of democracy, press

freedom, civil society, and, in particular, Russia’s NGO law, a subject

of bilateral discussions with Russia on many levels. Secretary

Rice has done this. Under Secretary Burns has done this. I’ve done

this. Our Assistant—my colleague, Assistant Secretary Lowencron,

for Human Rights, has done this.

I can’t give you, with certainty, a causality between what we say

to the Russians and their actions. I’ll give you an example; it is not

necessarily proof. We did raise the civil—the NGO registration bill

with them, we talked about it with both the government, the Presidential

administration, and with the Duma. As that bill was going

through the committee process, some changes were made that

made it somewhat less onerous. Its application has not been as—

has not had the negative effects that some people feared. Is that

the result of what we and the Europeans said to Russia? I can’t

make that claim. I can only tell you what we did, and I can tell

you what the result was.

Do the Russians listen to us? They don’t like, I don’t think, to

be lectured to. They think that the 1990s was a period that they

were ‘‘talked at,’’ and they are resistant. But we have to speak out

where we see problems. And we do. We have to find the right way

to speak out, but we have to continue to do so. We work with civil

society groups. We work on behalf of a free press. We keep in contact

with various opposition groups.

In the end, Russia’s fate is going to be in the hands of the Russians,

both the government, civil society. The role of outsiders—

well-meaning, otherwise—is going to be—is going to be second

order. Russia will find its way, for good or ill. But, in any event,

we should not be silent. We are well past the point where we regard

another country’s democracy, or lack thereof, with indifference.

Russia’s policy and its actions have moved

slowly but steadily in a more positive direction, from our point of

view, over the past 5 or 6 years. I can’t say for certain what accounts

for it, but I suspect that some of it has to do with impatience

with the way the Iranian regime has defied the world and

missed opportunity after opportunity to respond to reasonable proposals.

I think that the Russians do not appreciate the resistance that

Iran has shown to their efforts to advance reasonable settlements,

and I think that we’ve seen a tightening of Russian attitudes toward

Iran. Certainly, the Russians were helpful on the two Security

Council resolutions we have passed. And if we get into a third

resolution, as I suspect we will, I hope the Russians will be equally helpful.

Uh-huh.

I can’t make a prediction as to Russian policy

in the future. But the Russians, over the past years, have moved

steadily in a direction of putting more pressure on Iran to come

into compliance with what the United Nations asks of it. They have

done so step by step, in a measured fashion, but they have moved

in this direction.

Sometimes they have not moved as fast, or as far, as we would

like, but, in the end, we’ve had some pretty good results. We certainly

do believe in a multilateral approach to this problem. It’s

been a difficult approach, but we’ve made real progress over the

past 21⁄2 years, and we intend to keep working in this direction.

They have said that they cannot accept, at

this point, any resolution that would provide for Kosovo’s supervised

independence. I can’t say for sure what they would do—what

they will do with the resolution we introduced yesterday. They

have already publicly said it’s inadequate. We hope to be able to

work with them on a resolution that would let us move forward.

There were a lot of discussions at the G–8 summit about Kosovo,

as you heard. We hope that the Russians will allow this process to

move ahead. It is certainly, as Senator Voinovich said, much, much

better to do this through a Security Council resolution, and we

hope that the Russians make this possible.

It is most certainly the first best choice.

There are no advantages to doing this outside of the Security Council.

It is the worst choice than all, except perhaps doing nothing.

As do I, sir.

Almost. The United States wishes to avoid a

rhetorical race to the bottom.

I accompanied Secretary Rice in her most recent

trip to Moscow, where she made the point to the Russians,

and publicly, that it was important to keep rhetoric reasonable and

not allow rhetoric to get in the way of cooperation, where it is possible.

But I—and, although I wasn’t at Munich, I certainly read

President Putin’s speech, and have read subsequent speeches. So,

we all understand that there has been some rather sharp rhetoric

coming from Russia, and it’s important to look at the motivations

behind that, but also to be steady, ourselves.

We certainly hope that the Russians will

come to understand that our missile defense plans are not aimed,

in any way, at degrading their nuclear arsenal, but are aimed to

deal with future potential threats coming from Iran or other

areas—other countries in the region, and that, on this basis, they

would be prepared to explore with us possibilities of cooperative arrangements.

Now, if it turns out that President Putin’s offer of joint use of the

Qabala radar facility in Azerbaijan, is an opening to that kind of

cooperation, it could be a very important and positive development.

Signals from Russia are mixed, but we intend to explore the Russian

proposal in a very positive spirit, and we hope that it means

what we hope it means.

Thank you for your attention, Senator.