

AMERICA, RUSSIA, AND THE GREATER MIDDLE EAST

Challenges and Opportunities

Geoffrey Kemp and Paul Saunders

**The Nixon Center
Washington, DC
November 2003**

About the Nixon Center

The Nixon Center is a non-partisan public policy institution established by former President Richard Nixon shortly before his death in 1994. Committed to the analysis of policy challenges to the United States through the prism of the American national interest, the Center is a substantively and programmatically independent division of the Richard Nixon Library and Birthplace Foundation.

Major programs of the Nixon Center include the Chinese Studies Program, National Security Program, Regional Strategic Programs, and U.S.-Russian Relations Program. Topics addressed by Center programs range from U.S. relations with China and Russia to energy geopolitics in the Persian Gulf and Caspian Basin and European security issues. The Center is supported by the Nixon Library and Birthplace Foundation endowment, as well as by foundation, corporate, and individual donors.

Copyright 2003. The Nixon Center. All Rights Reserved.

Kemp, Geoffrey.
Saunders, Paul.

U.S., Russia, and the Greater Middle East: Challenges and Opportunities
by Geoffrey Kemp and Paul Saunders

The Nixon Center
1615 L Street, NW, Suite 1250
Washington, DC 20036

Phone: 202-887-1000
Fax: 202-887-5222
Email: mail@nixoncenter.org

Prepared by: Cole Bucy

Order from the Richard Nixon Library and Birthplace Foundation

1-800-USA-8865

Introductory Note

The Nixon Center is pleased to publish a new monograph, *America, Russia, and the Greater Middle East: Challenges and Opportunities*. It represents a unique convergence of two broader areas of study: the Middle East and US-Russian relations. It is a joint effort between The Nixon Center's Geoffrey Kemp of the Regional Strategic Programs and Paul Saunders of the Russia Program. Both programs have been supported by grants from the United States Institute of Peace.

This monograph is both timely and relevant. In 2003, the world witnessed great changes in the Middle East, including an American-led, Russian-opposed war in Iraq. This event will influence the dynamics of the greater Middle East and US-Russian relations. After having viewed the Middle East as a chessboard for global domination throughout the Cold War, both the United States and Russia now see opportunities for cooperation in one of the world's most important yet volatile regions. It was not until after the Cold War and the break-up of the Soviet Union that American and Russian interests intersected directly in the Caucasus and Central Asia. It is now clear that American and Russian interests in the new greater Middle East frequently overlap. This monograph outlines both the opportunities and the challenges.

Forthcoming Nixon Center monographs include a detailed discussion of Iran's nuclear weapons program edited by Geoffrey Kemp and Robert Leiken's analysis of the relationship between immigration and security after September 11.

This monograph was written entirely during Mr. Saunders' tenure at The Nixon Center, and the views expressed herein are solely those of the authors and in no way reflect the views of the U.S. Department of State.

Dimitri K. Simes
President
The Nixon Center

Table of Contents

Introduction.....	1
Chapter 1: U.S. Interests in the Greater Middle East.....	7
Chapter 2: Russian Interests in the Greater Middle East.....	25
Chapter 3: Improving U.S. Russian Cooperation.....	47

INTRODUCTION

The United States and Russia have had a checkered relationship in the Middle East over the past sixty 60 years. Recalling some of the highlights can help in understanding the new opportunities and miscalculations that have arisen since September 11 and the 2003 Iraq war. Four distinct historical periods can be identified: U.S.-Soviet military and political cooperation from 1942-1945; the Cold War from 1945-1990; the breakup of the Soviet Union and the creation of the newly independent states of the Caucasus and Central Asia from 1990-2001; and the war on terrorism from September 2001 to the present. Fortunately, with the exception of the schism over Iraq, relations have improved considerably in recent years.

We believe that with imagination and diplomatic skill both the United States and Russia can benefit from closer cooperation on a number of challenges in the greater Middle East, including Islamic radicalism, nuclear proliferation, energy development, conflict resolution, and better governance. However, in the absence of broad agreement on how to manage the specific problems, including solutions for the unresolved crises in Afghanistan, Iraq, and Iran's nuclear weapons program, hopes for a broader regional cooperation could be stymied. The ongoing conflict in Chechnya may also limit longer term aspirations for strategic partnership.

1942-1945

During World War II, the containment of the German threat to the Suez Canal and Middle East oil resources was a strategic priority for Britain, accordingly the Middle East was primarily a British military theater of operations. Large numbers of troops were deployed to North Africa, Iraq, Palestine, and Egypt. Germany's surprise attack on the Soviet Union in June 1941 (Operation Barbarosa) raised the stakes dramatically: if the German armies broke through to the Caucasus, they would have been in a position to invade Iraq and the Persian Gulf from the north. In this context, it was essential that Iran's neutrality be assured. Neither London nor Moscow trusted the Shah of Iran, who had close ties with Germany, and Russian and British forces invaded and occupied much of Iran in August 1941. (No German armies broke through to the Caucasus or the Caspian Sea.)

Eventually, the United States came to play an important, but subsidiary, role in the Middle East during the war. In 1943, the U.S. Army Corps of Engineers took responsibility for the management of the "Persian Corridor," which ran from north of the Persian Gulf into Russia and was a key route for channeling large amounts of U.S. "lend-lease" military material to the beleaguered Soviet forces. This laid the groundwork for Washington's close relationship with Tehran after the war. However, the end of the war also meant resumed rivalry with Moscow.

The Cold War

After the war, the Soviet Union continued to occupy northern Iran and supported a secessionist movement in its northern province of Azerbaijan. This precipitated one of the first major confrontations of the Cold War and culminated in a Soviet withdrawal in 1946. From that time on, U.S. strategic interests towards the Middle East were motivated primarily by concern over Soviet power projection capabilities to the Middle East and Persian Gulf. As the global Soviet threat grew, the United States became more embroiled in the strategic defense of the Middle East. Though Britain's military power in the region was still preeminent, it began to be replaced by American power.

U.S. military planners believed that the security of Middle East oil fields was essential in the event of a war with the Soviet Union. This conviction was due to the expectation that any war with Moscow would last for several years, and the U.S. no longer had sufficient domestic oil reserves to fight a protracted conflict. Admittedly, this strategic logic began to change in the 1950s with the advent of thermo-nuclear weapons; few thought a nuclear world war would last more than days or weeks.

However, U.S. concern about the military threat intensified again as the Soviet Union leapfrogged over pro-Western states (Turkey, Iraq, and Iran) and began major armament relationships with Syria, Egypt, and, eventually, Libya and Iraq. The U.S. responded with deployments of long-range bombers in Turkey and Libya. The NATO alliance and later CENTO, with Turkey as a key flank member, were to protect the Mediterranean and the Persian Gulf from Soviet aggression. While suspicious of American and Western motives, most traditional Arabs were irreconcilably hostile to the atheist Soviet state. The U.S. extended massive military assistance to Turkey and anti-Soviet regimes in the Middle East. These arms sales grew dramatically in the 1970s when oil prices quadrupled and America's friends had abundant resources to buy armaments. President Truman's support for the creation of Israel in 1948 was critical, especially since it was given in spite of objections from the U.S. Department of State and Department of Defense. The horrors of the Holocaust and guilt about American and European behavior towards European Jewry during World War II helped to create sympathy for an independent Jewish state. Arms sales competition with the Soviet Union also drove the U.S. to become more involved in Arab politics.

In 1954, the Soviet Union initiated a major arms deal with Egypt through Czech intermediaries. The U.S., Britain, and France had denied arms to Egypt as part of an effort to contain an arms race in the Middle East. So the Soviet Union's entry into Egypt as an arms supplier was a great shock. The USSR also developed a growing military relationship with Iraq after the revolution in 1958, in Libya after its 1969 revolution, and in Syria during the 1950s. The United States retained close ties with Iran, Saudi Arabia, and Jordan, but Soviet encroachment into the region was of increasing concern, particularly as Western dependence on Middle East oil grew.

The 1967 Six Day War was a turning point in U.S.-Soviet relations. After having played a critical role in influencing Egyptian President Nasser's decision to go to war by relaying faulty intelligence about Israel's intentions and troop deployments, the Soviet Union threatened to intervene against Israel. The United States was reluctantly entangled in Israel's security, despite deep involvement in the Vietnam War. The crisis intensified during the period of 1967-1973, when Israeli and Egyptian forces fought a war of attrition along the Suez Canal. The Soviet Union sent air assets to help Egypt, and, when Israel shot down Soviet-piloted fighter jets, many feared that the Soviet Union would be drawn directly into the conflict. These dangerous confrontations reached a climax in the October War of 1973, when the Soviet Union put nuclear forces on alert and the U.S. responded likewise. During that war, the U.S. undertook a major resupply effort with little cooperation from Europe to prevent Israel's defeat. Afterward, the United States launched a major diplomatic effort to broker an Arab-Israeli peace treaty and to sever the Soviet Union's military ties with Egypt. This effort was partly successful when Egyptian President Anwar Sadat ended Egypt's military cooperation agreement with Moscow in 1977. In 1979, Egypt and Israel signed a peace treaty, largely ending U.S. worries about Egypt.

However, the U.S. lost a staunch Middle East ally the same year when Iran underwent a revolution. The Shah was exiled and the virulently anti-American regime of Ayatollah Khomeini came to power. Suddenly, the U.S. was without its key strategic partner in the Persian Gulf – on the eve of the Soviet invasion of Afghanistan. The U.S. response to the invasion of Afghanistan was swift; President Jimmy Carter enunciated what became known as “the Carter Doctrine,” which stated that the United States would regard any Soviet threat to the oil supplies of the Gulf as a *causus belli* requiring an American military response. Carter then ordered the creation of a Rapid Deployment Joint Task Force (RDJTF) to provide the forces necessary to protect the Gulf.

The incoming Reagan Administration endorsed the Carter policy concerning the defense of the Gulf in January 1981 and supplemented it with more aggressive support for the Afghan resistance and their guerilla war against the Soviet army. The Soviet involvement in Afghanistan became a turning point in the Cold War; Western and Muslim support for the Afghan Mujahadeen eventually wore down the Soviet armed forces and, in 1989, led to their final and humiliating withdrawal. Saudi Arabia and the U.S. provided the bulk of the assistance, without which the Soviet Union could well have crushed the resistance and established permanent bases that would have posed a direct threat to the Persian Gulf.

Post Cold War: 1990-2001

The collapse of the Soviet Union and the end of the Cold War radically changed the geopolitics of the region and led to a major reappraisal of U.S. Middle East policy. One of the most visible changes was the emergence of the newly independent countries of the Caucasus and Central Asia into a new, competitive world order. During the Cold War, the U.S. interacted with the Caucasus and Central Asia only through Moscow. The disintegration of the USSR removed the Soviet border and blurred the old geographical

distinctions between the traditional Middle East and the Caucasus and Central Asia. Already a major player in the Middle East, the United States rapidly developed a prominent role there as well.

Once it became clear that the dying Soviet Union and the new Russia were not prepared to continue the financial burden of subsidizing radical states with massive arms sales—Syria being the key example – Moscow’s military activity sharply subsided and the direct and indirect challenges to U.S. interests in the Middle East ended. In fact, one of the last acts of the Soviet government was to co-chair the Madrid Peace Conference on the Middle East, orchestrated by U.S. Secretary of State James Baker in the aftermath of the 1991 Gulf War. Soviet and later Russian officials co-chaired the plenary session of the Conference and participated in multilateral working groups. Moscow was prepared to cooperate with the U.S. in seeking an end to the Arab-Israeli conflict and was no longer willing to challenge America’s military dominance in the region directly, either by deploying its own forces or subsidizing arms sales to anti-American leaders. Still, Russia continued its relationship with Iraq and increased its military and nuclear energy cooperation with Iran. These two issues bedeviled U.S.-Russian relations during the Clinton Administration; Iran still remains a problem today.

Moscow generally perceived post-Cold War U.S. policy in the Caucasus and Central Asia as unacceptable encroachment into its neighborhood. Nominally, official U.S. policy was to nurture the independence of these newly independent states, but, in reality, this meant taking measures that would undermine Moscow’s influence, especially with regards to energy policy. The Caspian region was seen as a new source of oil and gas to supplement and compete with the Persian Gulf as a major global supplier. During the Soviet period, all oil and gas production was controlled by Moscow and all access routes went through Russian infrastructure. The newly independent states wanted to establish their own independence by developing alternative routes of access, but the most natural routes for the Caspian states to consider were through Iran, which the U.S. wanted to isolate and prevent from developing close energy ties with its neighbors.

While it was never American policy to deny Russia such access, Washington strongly backed a major alternative route for Caspian oil through Azerbaijan and Georgia to the Turkish port of Ceyhan, bypassing both Russia and Iran. There were also grandiose plans to bring Kazakh oil under the Caspian Sea by pipeline to Azerbaijan, thereby reducing the amount of direct control Russia had over Kazakhstan’s exports. However, this proposal has gone nowhere, and, while the Baku-Tbilisi-Ceyhan line is still under construction, Russian companies have completed the main pipeline from Tengiz, an extremely large oil field in Kazakhstan, to the Russian port city Novorossiysk on the Black Sea (with American cooperation).

Disagreements over U.S. policy in the Caucasus and Central Asia were among many disputes between the U.S. and Russia during the 1990s inside and outside the region. There were also disputes over NATO expansion, the Partnership for Peace, which included many of the newly independent states, the crisis in the former

Yugoslavia, and, most serious, continued differences over Russian policy in Chechnya, Iraq, and Iran.

September 11, 2001 - Present

Russia was the first major country outside of NATO truly to understand the magnitude of the September 11 attacks and what they meant for international politics. By quickly supporting the United States, President Putin achieved a number of objectives, including, most importantly, a noticeable decline in U.S. criticism of Russia's war against terrorists in Chechnya. With Russia's blessing, the United States established military basing access to Central Asia, particularly Uzbekistan, to fight the Taliban in Afghanistan. This operation would have been impossible prior to 9/11. U.S.-Russian cooperation has evolved into a much more workman-like relationship. Today, Russia sees itself as a partner in developing the energy resources of the region, competition and friction over pipeline access routes has been muted, and Russia is participating in some of the joint projects that the West originally established to minimize Russian influence, including the Baku-Tbilisi-Ceyhan pipeline. And Russia's oil and gas exports are becoming increasingly competitive with both the Persian Gulf and the Caspian Basin.

The bad blood between Moscow and Washington over the 2003 war in Iraq to oust Saddam Hussein has complicated but not permanently damaged the cooperative relationship that began to evolve after 9/11. The U.S. was hopeful that President Putin would at least be neutral on the issue of war in Iraq. Instead, he supported the negative position of France and Germany in the UN Security Council. However, it now seems clear that Russia, on careful examination of its own priorities and interests, has concluded that picking an unnecessary fight with Washington over the Persian Gulf has few rewards and will unlikely do so again.

Perhaps the most significant change in recent Russian policy has been the hardening of Russian rhetoric concerning Russia's nuclear supply policy towards Iran. While it is unlikely that Russia will cease its cooperation with Iran in building the Bushehr reactor, Russian officials insist, along with their European and American counterparts, that Iran must sign the Additional Protocol of the IAEA if it is to receive Russian safeguarded fuel for the reactor. If Iran were to refuse to sign the Protocol, Russia would be under great pressure to cancel the fuel contract. The Russian government may be loathe to do this, since many hope that the fuel contract will have significant downstream benefits. On the other hand, Moscow has its own reasons to worry about an Iranian bomb, given its rocky relationship with its own Muslim population and its extremist groups. The fact that Iran has been quiescent about Russian activity in Chechnya would provide little comfort to Moscow once Iran gets the bomb; regime policies can change and become more hostile to Russia over time, particularly if Iran adopts a more aggressive attitude towards the protection of Muslims throughout the region. Also, signs that Tehran may be seeking a domestic fuel cycle capability diminish potential Russian economic gains from fuel sales.

In many ways, Moscow and Washington have come almost full circle, from close military cooperation during World War II to intense hostility during the Cold War to a competitive standoff during the 1990s and to evolving cooperation. Though continued disputes over priorities and policies are inevitable, Russia seems to have accepted the fact that the traditional Middle East (i.e. the Persian Gulf and the Arab/Israeli arena) is a priority of the first order for the United States and that Washington will fiercely protect its turf and interests in this region. Russian attempts to cozy up to Syria, Iran or radical groups bent on attacking Israel would be regarded as a clear threat by Washington and seem unlikely. At the same time, the U.S. appears to have largely accepted Russian dominance in the Caucasus and Central Asia, at least when its own interests are not at stake.

CHAPTER 1

U.S. INTERESTS IN THE GREATER MIDDLE EAST

The greater Middle East covers a huge geographic swath stretching from North Africa to Central Asia and embracing the Caucasus, the Levant, and Persian Gulf. Though the U.S. has important interests throughout this large region, American policy is largely focused on two core interests: Persian Gulf energy and the Arab-Israeli conflict. Afghanistan has taken on greater importance since September 11, but it is viewed primarily as an arena for combating terrorism.

As was outlined in the introduction, America's chief goal in the Middle East during the Cold War was to contain the Soviet threat. Since this threat has evaporated, American strategy today focuses on bringing stability to the Gulf in the aftermath of the 2003 Iraq war, encouraging democracy and modernization throughout the region, securing energy supplies at moderate prices, and preserving close relationships with key countries, notably Saudi Arabia, Egypt, Turkey, and Israel. In parallel, the United States is undertaking major military and diplomatic efforts to contain the two most serious threats to these interests, terrorism and proliferation. This requires imaginative, yet tough policies towards two important Middle East countries: Iran and Syria.

Energy Security

The Persian Gulf contains nearly two-thirds of the world's crude oil reserves, some 674 billion barrels.¹ The Gulf also contains a sizable amount of the world's natural gas reserves with 1,923 trillion cubic feet. This accounts for approximately 35% of the entire world's total.² The Energy Information Administration has calculated that the Persian Gulf produced 22.3 million barrels per day (mbd) of petroleum in 2002, which was 32% of the world's entire oil production³ and nearly three times the level of U.S. production.⁴ The Gulf's oil production is expected to continue to increase for at least 20 years, to 29.2 mbd in 2015 and to 40.5 mbd – nearly double its current level – in 2025.⁵ Importantly, the Gulf area accounts for around 90% of the world's excess oil production; this is especially significant if any major sector of the world's petroleum supply is disrupted by political, civil, or natural disasters.⁶ Under these circumstances, quick increases in production can mitigate any economic effects of a disruption.

¹ "Persian Gulf Oil and Gas Exports Fact Sheet." *Energy Information Administration*. April 2003.

² *Ibid.*

³ *Ibid.*

⁴ "Persian Gulf Oil: How Important Is It Anyway?" *Cambridge Energy Research Associates*. 21 March 2003.

⁵ "World Oil Production Forecast." *International Energy Outlook*. Energy Information Agency. May 2003.

⁶ "Persian Gulf Oil and Gas Exports Fact Sheet."

The United States relies on the Gulf's oil production for approximately 22% of U.S. *net* oil imports and 11% of overall U.S. oil demand.⁷ Of this 11%, about 70% comes from Saudi Arabia,⁸ which exported approximately 1.5 mbd to the U.S., making it the second highest exporter to the U.S. in 2002 (behind only Canada).⁹ The rest of American imports from the Persian Gulf came from Iraq (20%), through the United Nation's Oil-For-Food Program, and Kuwait (10%) in 2002.

The United States spends a great deal of money protecting these oil interests. One source estimates that the U.S. spends, on average, \$304.9 billion annually in "hidden" costs due to imported oil, which includes military expenditures specifically tied to defending Persian Gulf oil, the cost of lost employment and investment resulting from the diversion of financial resources, and the cost of periodic "oil shocks."¹⁰

Persian Gulf exports to Western Europe were similar to U.S. levels in 2003, averaging about 2.3 mbd.¹¹ The proportions of the imports were also similar, with the notable exception that Iranian oil accounted for 27% of European imports.¹² However, American and European dependency on Persian Gulf oil is small in comparison to that of East Asia. Approximately 75% of Japanese oil imports,¹³ and at least 40% of Chinese oil imports,¹⁴ came from the Persian Gulf in 2002. This is of increasing importance, as the two Asian neighbors are now the second and third largest global consumers of oil, respectively. In fact, the CIA expects that three-quarters of Persian Gulf oil will be imported to Asia by 2015.¹⁵

As indicated, the U.S. imports only 11% of its oil from the Persian Gulf. However, what makes the region so important in the energy equation, particularly as it affects the United States, is the impact of Persian Gulf oil supplies on global oil prices. Any threat to oil supplies, particularly to Saudi Arabia, would have a severe, short-term impact on prices and on the U.S. economy, which is uniquely sensitive to energy price fluctuations, because the U.S., more than any other industrial country, has become accustomed to low energy costs particularly for transportation. Minor increases in gasoline prices for instance cause great political concern in Washington, since the price of gasoline affects the entire range of products produced throughout the American economy. As a result, it is irrelevant whether the U.S. is buying oil from Mexico, Nigeria, or Saudi Arabia. If anything happens to global oil supplies, the price of oil will rise, because oil is a fungible commodity that commands a universal benchmark price.

⁷ EIA.

⁸ "Persian Gulf Oil and Gas Exports Fact Sheet."

⁹ "Table 2: Imports of Crude Oil and Petroleum Products into the U.S. by country of origin, 2002." *Energy Information Agency*.

¹⁰ Copulos, Milton R. "The Real Cost of Imported Oil." *Washington Times*. 23 July 2003. Pg. A17.

¹¹ "Persian Gulf Oil and Gas Exports Fact Sheet."

¹² *Ibid.*

¹³ *Ibid.*

¹⁴ Note: This figure comes from using numbers from "BP Statistical Review." British Petroleum. Some estimate have indicated that Chinese oil imports from the Gulf could be closer to 60%.

¹⁵ "Global Trends 2015: A Dialogue About the Future With Nongovernment Experts." Central Intelligence Agency. Accessed online: <http://www.odci.gov/nic/pubs/2015_files/2015.htm#link8c>.

Under market conditions, the U.S. will always have access to oil; the problem is that it could be forced to pay more for oil and compete with other major importers such as Japan, Europe, and, increasingly, China. Hence, the industrial world has a vital interest in the stability of the Middle East, which is a condition for sustaining the uninterrupted supply of petroleum at reasonable prices.

The dilemma for the U.S. and other industrial powers is that the trend lines for the foreseeable future suggest a greater dependency on Persian Gulf oil, irrespective of what other sources of energy become available. First, there is an enormous amount of Persian Gulf oil. Estimates of proven reserves are likely to increase notably if and when Iraq gets back on its feet, though Iraq is unlikely to replace Saudi Arabia as the most important producer any time soon. Saudi Arabia is a unique oil producer because it is the only country in the world that currently has a built-in surplus production capacity that can be turned on and off with short notice. This gives Saudi Arabia considerable influence over world oil prices and makes the stability of the Saudi kingdom a vital American interest.¹⁶

None of this should demean the considerable oil assets under the ground in the Caspian, Russia, Africa, and the Americas. However, Persian Gulf oil is abundant and cheap to extract, and the infrastructure for its distribution is well established and inexpensive by world standards. (Compare, for instance, the ease with which Saudi Arabian oil can reach the market in contrast to North Sea, Siberian, or Caspian oil, all of which is being produced in either hostile climates or in regions with no direct access to sea routes.) The bottom line is that, unless or until competitive alternative energy sources come on line, American policy makers will have an interest in the security of Persian Gulf oil supplies and therefore in assuring stability in the region.

The argument that the U.S. went to war with Iraq for oil resonates more with the first Gulf War than the second. Saddam Hussein's invasion of Kuwait in August of 1990 posed an imminent threat to Saudi Arabia. This, rather than the invasion of a small Arab country, motivated the first Bush Administration to send half a million soldiers to Saudi Arabia to liberate Kuwait. On the other hand, oil had much less to do with the second Gulf War, which resulted from Iraq's continued violation of UN Security Council resolutions and the fear that if sanctions against Iraq were eventually lifted, Saddam Hussein would indeed have been able to produce nuclear weapons. Nevertheless, even in the second Gulf war, oil played a role. The real threat was not that Saddam would use nuclear weapons, but that he would use the possession of nuclear weapons to intimidate neighbors and gain control of the oil riches of the Persian Gulf. Under these circumstances, Saddam would have been in a position (as indeed he would have been had he sent his army into Saudi Arabia in 1990) to exert great influence over global oil prices and very quickly accumulate great wealth and power.

¹⁶ See Vijay V. Vaitheewaran, "Pipe Dreams in Iraq," *Foreign Policy*, September/October 2003, pp. 70-79.

Saudi Arabia

Remembering the past is helpful in understanding the complexities of contemporary U.S.-Saudi relations. By the early 1970s, Britain had abandoned its long-standing military commitment to the security of the Persian Gulf as the U.S. took over this burden. The cornerstone of the American strategy was to strengthen the military capabilities of two close friends: Iran and Saudi Arabia. This so-called “Twin Pillars” policy resulted in large U.S. military sales to both countries, which were flush with booming oil revenues from rising oil prices. Relations with Iran, which was seen as the key to the defense of the Persian Gulf and as a frontline ally in the event of Soviet hostilities, were particularly close through the 1970s. Then, suddenly, the strategic balance dramatically changed with the Iranian revolution in 1979, when the Shah of Iran was exiled and Ayatollah Khomeini came to power. The United States severed relations with Iran when the U.S. Embassy was overtaken by Iranian students and the diplomats inside were held hostage for 18 months.

Then, in December 1979, the Soviet Union invaded Afghanistan. A peaceful Soviet occupation of Afghanistan would have brought Soviet military forces, particularly Soviet air power, 600 miles closer to the Persian Gulf. With Iran lost and Afghanistan under Soviet occupation, Saudi Arabia became the key military ally of the United States in the Gulf, by default.

The loss of Iran merely consolidated a close relationship that went back to the 1940s. Between 1947 and 1991, Saudi Arabia purchased approximately \$60 billion in military equipment from the U.S. The primary purpose of the U.S. military relationship with the Saudis was to check the spread of Soviet influence, Iranian radicalism in the region, and the consequent threat to Middle East oil. However, because of its special status as the custodian of Islam’s two holiest sites, Mecca and Medina, Saudi Arabia was opposed to the stationing of large numbers of American military personnel on Saudi soil (though the U.S. Air Force had access to the base at Dhahran during the 1950s). The Saudis and other Gulf leaders preferred that U.S. military forces remain “over the horizon” and confined mainly to the small naval Middle East Force based in the Persian Gulf. Saudi Arabia and other Gulf states did not agree to large scale deployment of U.S. and allied forces until Iraq’s invasion of Kuwait. This represented a major shift in Saudi policy.

Of course, significant U.S. forces remained in Saudi Arabia following the first Gulf war from 1991-2003. Saudi Arabia permitted the U.S. and Britain to use its air space to enforce a “no fly” zone in southern Iraq. Although Saudi leaders publicly opposed the 2003 war with Iraq, the U.S. was able to use Saudi military facilities during the conflict. This overt Western military presence and Washington’s visibly cozy relationship with the Saudi royal family drew the ire of radical Islamists, especially Osama bin Laden. Terrorists attacked U.S. military facilities and personnel in Saudi Arabia, including the 1996 bombing of a U.S. Air Force housing complex at Khobar Towers.

The most dramatic change in U.S.-Saudi relations occurred after 9/11, when Americans discovered that most of the perpetrators of the suicide attacks on the World

Trade Center and the Pentagon were former Saudi citizens. While the two governments have tried to maintain an even keel, there is no doubt that an underlying hostility and suspicion now pervades the relationship. The United States believes that Saudi Arabia has not done enough to crack down on religious extremism, particularly the funding of madrassas (religious schools) and other extreme forms of Wahhabism, which underlies and foments so much of the anger and hatred towards the United States.

Though Washington has applied great pressure to Saudi Arabia to stop breeding and harboring anti-American terrorists, there is also a great worry that the Saudi royal family will lose control if the United States pushes too hard. The current *de facto* leader, Crown Prince Abdallah, is trying to reform the Kingdom against a backdrop of seething opposition from a young and restless population and angry conservatives.

Some American policy analysts have put Saudi Arabia into the enemy's camp and have called for a confrontation with the Kingdom.¹⁷ The problem with this approach, which fortunately has been rejected so far by the Bush Administration, is that any change in the Saudi government is unlikely to result in a pro-western, democratic regime. Much more likely is the troubling prospect of extremists taking power, possibly with the backing of Saudi military leaders. In this case, the U.S. could face another radical state with control of huge energy supplies. This would be disastrous for American interests, since efforts to contain the radical regime could threaten the supply of Saudi oil, sharply increase prices, and significantly damage the world economy, particularly the American economy. Any political leader, especially an American President, would have to calculate that the disruptive effects of losing Saudi Arabia would have a profoundly negative impact on economic growth (at least in the short term), especially still, at a time of economic uncertainty.

The dangers posed by regimes such as Saudi Arabia, absent major reform, are self evident. Saudi Arabia's inability or unwillingness to crackdown on its own extremists and to deal fully and frankly with the question of funding terrorism remains the most sensitive issue in U.S.-Saudi relations. Yet when it comes to three key issues—oil prices, the future of Iraq, and the Arab-Israeli peace process, Saudi Arabia continues to play a relatively constructive role. If as a result of its nervousness over relations with Washington the Saudi Arabian regime makes a serious effort to crack down on terrorism and to institute meaningful reforms, then some good may come out of the verbal fireworks. Nevertheless, it is a dangerous gamble for all parties, including the U.S.

Egypt

The U.S. faces a similar dilemma in its policy towards another Arab state just as critical to securing American interests in the region – Egypt. The Egypt-Israel peace

¹⁷ Victor Davis Hanson, "Our Enemies the Saudis" *Commentary*, New York, July/August 2002, Vol.114. In July 2002, an employee of the RAND Corporation, Laurent Murawiec, gave a private briefing to the Defense Advisory Board describing Saudi Arabia as an enemy of the United States. His remarks were quickly repudiated by RAND and the Defense Department, but many Bush sympathizers agreed with the sentiments of his presentation.

brokered by President Carter in 1978 and concluded by President Reagan in 1982 is one of the success stories of American Middle East policy. No matter how cold and frosty relations between Israel and Egypt, the treaty remains in place and neither has taken military action against the other since the 1970s. This is very significant, because Egypt remains the most powerful political and cultural force in the Arab world, in view of its history, geography, and size. Yet Egypt, like its Arab neighbors, faces tremendous domestic problems and is governed by an autocrat who is kept in power in part by a strong military equipped with the most advanced American weaponry. Egypt played a critical, if passive, role during the 1991 and 2003 Gulf Wars. In 1991, the Egyptians contributed troops and permitted logistical access through the Suez Canal and to Egyptian air fields. In the second Gulf War, Egypt cooperated with all logistical and access issues, although it did not contribute troops and openly opposed the war.

Indeed, it is important to note that none of the Arab countries on whose support we depended upon for military access to Iraq in 2003 denied the U.S. access “when the chips were down.” Rather, it was our closest friend in the Muslim world – Turkey, who caused the most trouble, in part because its parliament did vote by an absolute majority to support military operations. This highlights the irony: though our silent partners in the Arab world are all autocratic regimes, one of the broader goals of our policy in overthrowing Saddam Hussein has been ultimately to end these autocracies and replace them, one way or another, with more democratic, pluralistic regimes. Whether this can be done in the short-run is questionable; most observers believe it will be many years before pluralistic democracy comes to the Arab world. Thus, in the meantime, the role of American policy is to push for more humane regimes that respect the human rights of their populations and live up to universal standards, including the emancipation of women.¹⁸

Israel

The U.S. has a vital interest in the survival and security of Israel. The reasons for this are well documented but are complicated. After much internal controversy and argument, the Truman Administration accepted in 1947 the right of the Jews to establish a state in partitioned Palestine. Israel came into being in 1948. At the time, the Soviet Union also backed Israel, seeing it as a forward bulkhead against colonialists, specifically Britain and France. From the beginning, the American relationship with Israel was very political. The legacy of World War II and the political campaigning of prominent American Jews assured that Israel would play an important part in American foreign policy thinking. However, there were no major military supply relationships with the Jewish state during the 1950s. Israel turned to France instead and established very close strategic ties, including technology transfers that enabled Israel to develop nuclear weapons and procure the advanced jet fighters that ultimately proved so effective in the 1967 war.

¹⁸ See *Arab Development Report, 2002*, UN Development Programme. This report, written by Arabs, about the problems of the Arab world, received worldwide attention and was praised for its honesty in confronting the hopeless problems Arab countries face.

The U.S.-Israel relationship has had a major impact on overall American policy in the region. The Eisenhower Administration is best remembered in Israel for its insistence that Israel withdraw from the Sinai desert facility after the Anglo-French-Israeli attack on Egypt in 1956. However, since that time, the political and emotional ties between Israel and successive American Administrations have become more intense. The turning point was the 1967 Six-Day war, when Israel faced the combined Arab armies of Syria, Jordan, and Egypt threatening its very existence. It was at this point that the French, under the leadership of President Charles DeGaulle withdrew his support for Israel, and the U.S. became Israel's most important military ally.

The 1973 War between Israel, Syria, and Egypt only deepened Israeli dependence on U.S. power and military supplies. However, the war provided an opportunity for the Nixon Administration to undertake the first serious efforts at Arab-Israeli peacemaking. Eventually, the new Egyptian leader, Anwar Sadat, decided to throw in his lot with the United States, evicted his Soviet advisors, and turned to America to reequip his army. Parallel negotiations with Israel led to a formal cease-fire and eventually, the Camp David Accords and finally the 1982 peace treaty between Egypt and Israel.

In the 1980s, the Reagan Administration eventually established a very good rapport with Israeli Prime Ministers, including Prime Minister Yitzhak Shamir, after a few major run-ins with the Likud government of Menachem Begin during the war in Lebanon. The first Bush Administration had its ups and downs with Israel, particularly on settlement development, but, after the first Gulf war, it brokered the Madrid Peace Conference which set in motion events that lead to the Oslo agreement between Israel and the Palestinians. The Clinton Administration had the closest ties with Israel of any administration since 1948. President Clinton was revered by Israelis for his empathy following the assassination of Yitzhak Rabin in 1995. Yet it was Clinton who made an historic trip to Gaza on December 16, 1998 to talk to the Palestinian Council and enunciate to the Palestinian people what, many have argued, was the equivalent of the famous Balfour Declaration issued in 1917 by the British Foreign Secretary Arthur Balfour to the British Zionist leader Lord Rothschild, "viewing with favor" the establishment of a Jewish homeland in Palestine.

The new Bush Administration has taken the Israeli-American relationship to a whole new level. President Bush does not want to have any relationship with Palestinian leader Yasser Arafat, has not met him, and has made clear that he wants to see Arafat gone. Meanwhile, as a result of terrorist attacks in Israel and America's own experience with terrorism, Bush has shown sympathy for the dilemmas Prime Minister Sharon faces.

These events have been paralleled by a remarkable shift in Republican Party politics. In the 1980s, the Democratic Party was the principal supporter of Israel. However, George W. Bush seems to identify more strongly with Israel than his father and indeed any other Republican President, including those who were very supportive of Israel, such as Richard Nixon.

The close ties between Israel and the United States have not had any negative effect on Russian relations with the Jewish state. For the past ten years, Jewish immigration from the former Soviet Union to Israel has totaled nearly one million people. Ethnic Russians in particular are now a formidable group within Israeli politics and have maintained very close ties to their friends and relatives in Russia. As a consequence, the Putin government has been more supportive of Israel than any European government when it comes to cracking down on terrorism. Israel finds itself in the ironic position of being increasingly isolated in terms of world opinion and losing whatever diplomatic footholds it had in the Arab and Muslim world, while the two countries whose competition dominated Middle East politics for so long now have similar perspectives.

Turkey

A close relationship with Turkey remains vital to U.S. interests in the Mediterranean, the Caucasus, and the Middle East. In the past, Turkey's importance derived primarily from its NATO membership and its key role as a forward flank facing the Soviet Union. Today, its importance derives more from issues relating to economic development, Islam, democracy, and Turkey's unique relationships with Syria, Iraq, Iran, and Israel.

Turkey is a vibrant democracy – one of the very few in the Middle East and certainly the only Islamic democracy in the region. Nevertheless, it has suffered from weak, corrupt governments for many years and the relationship between the Turkish military and the parliament remains very ambiguous. The military has frequently intervened as “guardians” of the republican, secular constitution established by Mustafa Kemal (later known as Atatürk) in 1923.

With a population approaching 70 million and a critical strategic location, Turkey is of great importance not only to the U.S., but also to Russia, Europe, and the Middle East. Turkey's current national preoccupation is whether or not it will be accepted for candidacy into the European Union, with which it presently has a customs union. Two issues continue to make Turkey's eventual membership controversial. The first of these is the unresolved crisis over Cyprus. To make progress, Ankara must put pressure on the Turkish Cypriots to end the physical division of the country and accept minority status – with agreed safeguards – on the island. The second fundamental problem is Turkey's treatment of its own minorities, particularly the Kurds, and the intrusion of the Turkish military into civilian management of government. To meet the criteria for EU membership, Turkey has to comply with the so-called Copenhagen Criteria benchmarks for human rights. Turkey has been moving speedily in this direction and has introduced legislation this past year that would abolish the death penalty, make Kurdish language legal, and lift a ban on cultural artifacts that relate to Kurdish identity.

The U.S. has long supported Turkish membership into the EU on the grounds that Turkey's success as a Muslim democracy (essential for membership) could have far-reaching and beneficial effects throughout the region. Indeed, many Iranian intellectuals look to Turkey as a model for the future. The idea that Turkey could not only be a

member of NATO, but a member of the EU has traumatic overtones for the Middle Eastern/Muslim world that the U.S. is eager to pursue. However, the Europeans harbor doubts about what would happen to their cultures and societies if so many Muslims became members of a predominantly Christian club. The possible alternative, an inward-looking Turkey that is rejected by the EU, turns more to its own resources for security, and considers nuclear weapons, is troubling.

The disputes between Turkey and the U.S. over troop deployments during the recent Iraq war are indicative of the nastiness that can develop between two close allies. So far, the difficulties over Iraq appear to have moderated and the Turks have been very forthright in their determination not to intervene in northern Iraq because the evolving relationship between the Kurds and Turkmen has been much smoother than anticipated. Still, the complexities of postwar Iraq ensure that Turkey will remain a priority for U.S. policy for the foreseeable future.

The Major Threats to U.S. Interests

Today, with the Soviet Union long gone, the key threats to U.S. Middle East interests come from radical Islam, especially Islamic terrorism, and the continued proliferation of weapons of mass destruction.

Terrorism: Past and Present

America's experiences with Middle Eastern terrorism began in earnest during the first Reagan Administration when the United States, together with France, Italy and Britain took upon themselves the responsibilities of deploying a multilateral peacekeeping force to Beirut with hope of preventing a full-scale Lebanese civil war and the dominance of Soviet-backed Syria. The immediate cause for the allied intervention was Israel's invasion of Lebanon in June 1982, with the nominal goal of rooting out the Palestinian Liberation Organization's army. Based in southern Lebanon, the force had accumulated sufficient arms to pose an unacceptable threat to northern Israel. The Israeli invasion was initially very successful. However, under the leadership of then Defense Minister Ariel Sharon, the Israeli military moved far beyond its stated objectives and surrounded and eventually occupied Beirut.

It was in this context that the U.S. first intervened in August 1982, to help evacuate the PLO from Beirut to Tunis. In September, after the assassination of newly-elected President Bashir Gemayal, the Lebanese Christian who had supported the Israeli invasion, a Christian militia group went on a rampage and murdered hundreds of Palestinians in the east Beirut camps of Sabra and Shatilla.

The shock of these massacres, which received worldwide publicity, led to a secondary deployment of peacekeepers, partly out of guilt. In the subsequent months, the U.S. was drawn into the complex relationship between Syria, Israel, and Lebanon and found itself increasingly under attack. Meanwhile, the Shiite population of southern Lebanon, which had initially welcomed the Israelis as liberators, now saw them and the

multinational peacekeeping force as occupiers and turned to terrorism, including suicide bombings. The climax came in October 23, 1983, when 241 American marines were killed by a Shiite truck bomber, working for Iranian- and Syrian-backed Hezbollah forces. The Reagan Administration, facing an increasingly hostile Congress and a re-election campaign the next year, did not want to escalate the conflict and withdrew abruptly in early 1984.

Today, it is easy to blame the Reagan Administration for cutting and running, but it must be remembered that the Soviet Union had a major presence in Syria. Accordingly, there was a real chance that, if the U.S. escalated its military action against Syria, the Soviet Union would respond, leading to a major conflict. America's unwillingness to escalate in the face of the Soviet threat was criticized by some hawks as unwise, but it was certainly understandable in view of the stakes involved.

In fact, throughout the 1980s, American policy had to take into account the ongoing war in Afghanistan, as well as the ferocious battle between Iran and Iraq in pursuing its strategic objectives. It was not until the end of the 1980s, when the Soviet Union and Iran found themselves losing their respective wars (due in part to American support for their adversaries), that the strategic balance changed overwhelmingly in the favor of the United States. Today, after quick initial military victories in Afghanistan and Iraq, it is easy to forget how important the Soviet dimension was in American thinking. The crisis in Lebanon and U.S. involvement in the Persian Gulf were seen through the prism of the Cold War rather than regional politics.

Today, the immediate challenges to the U.S. are the uncertain military and nation-building missions in Afghanistan and Iraq and the unresolved Arab-Israeli conflict. Over the longer run, the broader problem of radical Islam runs from Chechnya to Central Asia, South and Southeast Asia, and North and Sub-Saharan Africa. How the U.S. deals with this phenomenon over the next decade will have a fundamental impact on not only U.S. policy in the region, but also U.S. relations with the rest of the world, including Russia and Europe.

This is why the outcomes of the ongoing conflicts in Afghanistan and Iraq are so important. If the U.S. and its allies succeed in stabilizing the situation in both countries and establishing solid and constructive relations with their neighbors, it will be easier to contain threats from radical Islamic groups in other areas of the Middle East and Central Asia. Success in Afghanistan would likely reduce the prospects for radicalism in Pakistan, which remains a highly flammable country with immense potential for causing more trouble both regionally and globally.¹⁹ Although it is one of America's most important partners in the war on terrorism, Pakistan's behavior presents the U.S. with a complex dilemma. Although prior to 9/11 Pakistan was accused by the U.S. of nurturing terrorism, without its support, the United States could not have fought the war in Afghanistan. Pakistan's criticism of the U.S. military operations in Iraq also highlights the precarious nature of the alliance structure the U.S. has established since 9/11 and why

¹⁹ For a chilling review of Pakistan's troubles, see Mahnaz Ispahani's "The Cauldron," *The New Republic*, June 2003.

getting it right in Afghanistan and Iraq has now become a central foreign policy challenge for the Bush Administration.

If things go well for American policy, the impact on Syria, Lebanon, and Iran and their continued equivocation over the control of terrorist groups in their midst (including Hezbollah and various Palestinian extremist groups) would be important. Pressure on these three countries to end support for terrorist groups could become overwhelming, with very positive implications for the Arab-Israeli conflict.

In contrast, if the U.S. bails out of Afghanistan or Iraq, after losing control of events on the ground or becoming bogged down in endless and costly wars of attrition, the negative consequences would be very serious. Such a development would embolden jihadists in the region and elsewhere and make talk of American weakness again fashionable in radical circles. This would obviously only encourage more terrorism and mayhem and could threaten all major U.S. interests in the greater Middle East, including the security and control of energy supplies. Furthermore, if terrorism is not controlled, the already serious threat of proliferation may become much worse. Indeed, the nightmare scenario that has confronted the Bush Administration since 9/11 is that of hostile terrorists armed with weapons of mass destruction.

Proliferation: The Danger of an Iranian Nuclear Weapon

Fear that Iraq would gain access to weapons of mass destruction, particularly nuclear weapons, and then seek to dominate the region through threats and blackmail directed at its neighbors and external powers, all while accruing great wealth, was a key motivation behind the 2003 war. With the Iraqi WMD question in abeyance, the focus is now on Iran.

How Iran fits into the postwar Iraq security equation has been a problem for the United States ever since the first Gulf War. In 1991, President George H.W. Bush talked about a new order for the Middle East that included regional security cooperation, efforts to control weapons of mass destruction, economic development and progress on the Arab-Israeli peace process. Attempts at building a regional security framework at the time were formalized through the Arms Control and Regional Security Multilateral Working Group (ACRS) that was set up following the Madrid Conference in November 1991. But the body did not include Iran or, for that matter, Iraq, Lebanon, Libya or Syria – without whose cooperation a viable security agreement was impossible. In fact, when the Clinton Administration assumed office, the United States treated both Iran and Iraq as “backlash” or “rogue” states (eventually “states of concern”) that should be contained and isolated.

The surprise election of Mohammad Khatami in May 1997 changed American attitudes towards Iran. Khatami’s overtures to the United States included the call for a “dialogue of civilizations” between the two countries. Over the coming months there were a flurry of activities suggesting that a breakthrough in relations might be possible;

for example, in June 1998, Secretary of State Madeline Albright made a speech at the Asia Society calling for a “road map to better relations.” However, the Iranian response to these gestures was tepid and did little to mollify U.S. critics of the Clinton Administration who believed that it was reaching too far. The June 1996 Khobar Towers terrorist bombing outside Dhahran (in which Iran was suspected to have played a role) still haunted U.S. officials, as did the continued Iranian hostility towards Israel. Nevertheless, the first four years of Khatami’s presidency were years of high hopes for better U.S.-Iranian relations. There was much so-called “track two” activity – informal, private contacts –but no clear breakthrough. And Iranians remained bitterly divided on the wisdom of strategic cooperation with the United States.

Khatami’s reelection in 2001 held out hopes that greater cooperation might be possible with the election of George W. Bush and his Vice President Dick Cheney. Before his election, Cheney had often questioned the wisdom of continued U.S. sanctions against Iran. The opportunity to test the relationship came after September 11, when it became clear that a U.S. war in Afghanistan, which would deeply affect Iran, was inevitable. Iranian leaders feared the Taliban and were not unhappy at their overthrow by U.S. forces. In fact, Iran cooperated with the United States during the war and was helpful in efforts to form the interim Afghan government at meetings in Bonn in December 2001. However, while those in the Iranian government interested in better relations were using the Afghan war as an opportunity to reach out, others were increasing their strategic cooperation with terrorist groups in the Middle East, notably Hezbollah, Hamas and Palestinian Islamic Jihad. The discovery of Iranian arms heading for Palestine on the merchant ship, *Karine-A*, poisoned hopes for rapprochement. Following the *Karine-A* incident, Iran was included in the “axis of evil” and was the target of increased U.S. pressure. Tehran’s meddling in Afghanistan after the war further troubled many in the U.S.

In the summer and fall of 2002 it became clear that a crisis with Iraq was inevitable, in one form or another, and United States officials met secretly with Iranian counterparts to assure that, if there was a war with Iraq, Iran would be neutral, as it was during the 1991 Gulf War. From what is known, Iran was in fact relatively cooperative during the 2003 Iraq War, however charges of Iranian intervention have subsequently reemerged. This reflects a bitter debate within Iran about the wisdom of strategic rapprochement with the United States at this time. Though reformers have generally seen Saddam Hussein’s fall as an opportunity to open up to the United States, accept the reality of American power in the region, and move on to resolve the horrendous domestic problems they face, Iranian hardliners see the war as proof that the American threat is more ominous than ever.

The dramatic news in late 2002 and early 2003 that Iran’s nuclear infrastructure was far more advanced than the public had been led to believe puts the possibility of an Iranian bomb front and center and poses a severe challenge to the U.S., to Middle East regional security, and to the global non-proliferation regime. Together with the uncertainty over developments in Iraq, it suggests that, sooner or later, confrontation with Iran over nuclear weapons, terrorism and involvement in Iraq is highly likely unless the

Iranians choose to moderate their policy towards the Arab-Israeli conflict, rein in their support for terrorism, and find some way to live within the confines of the NPT.

The advanced status of the Iranian nuclear program has been revealed most explicitly in recent visits to the country by IAEA inspectors. It will soon be apparent whether or not Iran will actually comply with international pressures to sign the Additional Protocol to provide more transparency about its nuclear activities. However, even if Iran follows through on this step, there will be many skeptics who will argue that such action will merely delay the day when Iran acquires the bomb.

Fortunately, many other governments, particularly the Europeans, Russians, and Japanese increasingly seem to share American concerns about Iranian intentions. While the war in Iraq set cooperation back a pace, U.S. initiatives to push the IAEA towards a more assertive approach to Iran have received support from Moscow and Brussels. This is a very positive development in view of previously laidback European attitudes and uncooperative Russian behavior, which suggests that consistent discussion of the problems posed by an Iranian bomb by the U.S. government and U.S. NGOs has influenced key partners. Whether or not this combination of pressure will affect the Iranian regime's conduct, of course, is another question. Still, some hope that the Iranians themselves, as a result of rational and careful debate, may come to see that nuclear weapons, on balance, do not serve their country's national interests.

American efforts to focus world attention on Iran's nuclear aspirations leaves unresolved the question of Israel's nuclear weapons and what, if anything, can be done about them. U.S. policy for years has been to remain silent on the subject and sometimes even to make incredulous statements to the effect that the U.S. has no idea whether Israel has a nuclear weapons program.²⁰ In fact, it is clear that Israel has a very formidable nuclear capability with up to 100 nuclear warheads, including some high yield warheads, possibly in the 200 kilometer range or higher. It also has a surface-to-surface missile force with ranges between 500 and 2000 kilometers. Moreover, so long as Israel faces existential threats -- whether current threats from terrorism and its immediate Arab neighbors or longer term ones such as those posed by Iran, Pakistan, and other nuclear or potential nuclear rivals -- it will not even discuss its deterrent formally, much less give it up.

An Israeli declaration of their nuclear status would make it much more difficult for countries such as Egypt to withstand pressure within their own countries for similar programs. But Israel's program is well known, the impact is already profound on the region. It is unrealistic to think that a country such as Egypt (especially if it had a democratic regime in view of continuing hostility towards Israel) would continue indefinitely living under the shadow of an Israeli bomb. Optimists say that once Egypt and its neighbors have more democratic governments, Israel will have less need to worry

²⁰ In June 1991, Secretary of Defense Richard Cheney was asked in Cairo what he thought about Israel's nuclear program and replied "I don't know that Israel has any nuclear capability." See Geoffrey Kemp, *The Control of the Middle East Arms Race*, Carnegie Endowment for International Peace, Washington, DC, 1991, p.180.

about its survival and may then be willing to compromise by discussing ways to control, if not eliminate, nuclear weapons in the entire region. However, as weapons capabilities grow and missile ranges increase, a nuclear free zone in the Middle East becomes a nonstarter because it must sooner or later include not only the Persian Gulf countries, but South Asia. Reaching an agreement on the Middle East would be hard enough without having to convince India and Pakistan to forgo nuclear weapons as well.

American policy, therefore, embraces global disarmament, including ultimately American nuclear disarmament on one hand, while at the same time pursuing an assertively unilateralist approach to its own nuclear forces and keeping quiet about the weapons of friends and allies, such as Israel, the Europeans, and, at this point, India and Pakistan. U.S. interests in the Middle East would be served if all weapons of mass destruction were eliminated, but this is extremely unlikely anytime soon, certainly not before a generation of peace between Israel and its neighbors which presupposes a final resolution to the Palestinian problem. Even then, it is not clear that democratic states would behave any more kindly towards Israel unless other problems, including disputes with Syria and Lebanon, are ended. In the meantime, the U.S. must fudge the issue of proliferation and focus specifically on those countries that appear most threatening, namely Iran.

U.S. interests in Other Regions of the Middle East

North Africa

The U.S. has a long and checkered history with the countries of North Africa that dates back to the days of the Barbary Pirates. More recently, U.S. attention has focused on Libya and the exploits of its leader, Colonel Muammar Qaddafi, including his complicity in the 1988 bombing of Pan Am Flight 103 over Lockerbie, Scotland that resulted in the death of 169 Americans. Dealing with Libya will be a challenge for the Bush Administration, particularly since Tripoli has agreed to acknowledge responsibility, but no culpability, for the event. The tantalizing reality is that Libya has become a more mature country despite the behavior and rhetoric of its mercurial leader. In fact, Libya seems to be out of the terrorism business and has had its own bitter confrontations with Al Qaeda. After Lockerbie, Libya learned that UN economic sanctions can have a devastating impact on its prosperity; this is the primary reason from its acceptance of responsibility. Libya's business leaders also understand that their country will never be able to fully develop its considerable resources, especially energy, without better relations with the United States. The key question is whether the U.S. will eventually remove sanctions on Libya in view of its improved behavior. This appears unlikely in the short term, as the Bush Administration has strongly maintained that, despite the lifting of UN sanctions on Libya – a vote on which Washington abstained – the U.S. will maintain its unilateral sanctions on Libya, keeping the U.S. private sector on the sidelines for the time being. The Europeans are going to go their own way which will increase investment in Libya especially for oil and gas development. Ultimately, the Bush Administration will be under pressure from the U.S. business community to do likewise, but there will be formidable opposition to this, in lieu of Colonel Qaddafi's unwillingness to personally

accept culpability for the Lockerbie incident and continued suspicions about Libya's WMD programs. How far Libya goes to address these concerns will be a clear sign of the degree to which Qaddafi believes he needs closer ties with the West. With powerful enemies in the Arab and Muslim world and few friends in Africa, the Libyan leader may have realized that better relations with the United States and Europe could provide his country with essential financial help and political support.

Libya's disputed WMD programs, rather than its position on terrorism, are likely to be the fulcrum of future U.S.-Libyan relations. American officials still accuse Libya of pursuing both WMD and advanced missile programs, and some officials have claimed that only strict, U.S.-approved inspections verifying the end or absence of such programs will satisfy U.S. concerns. Though Qaddafi boasts that he possesses uranium, Libya lacks even the basic infrastructure for a serious nuclear weapons program and only has one known nuclear reactor – a small, aging facility under the strict observation of the IAEA. Libya also lacks the infrastructure for biological weapons production, making it probable that any such program remains in a basic research and development phase. Concerns linger around Libya's pursuit of a chemical weapons arsenal, however. Many believe that Libya already possesses limited quantities of blister and nerve agents and that it has the capability for much greater production. Libya also possesses SCUD and FROG missiles and is thought to be working on a medium range ballistic missile.

Aside from Libya and Egypt, the other key countries of North Africa, Morocco, Algeria, and Tunisia, are considered important to the U.S. but do not fall into the realm of top priority at this point in time. What is happening in these countries is much more important, on a day to day basis, to the Europeans who regard the flow of illegal immigrants from North Africa into Europe as a major political challenge.

The Caucasus and Central Asia

Each of the three Caucasus countries has a different importance for American interests. Armenia is relevant because of the strong ties between the Republic and the influential Armenian diaspora in the United States. Former Senator Bob Dole, among others, has long been a forceful advocate of the Armenian cause, and the pro-Armenian lobby on Capitol Hill has for years been able to win favorable legislative decisions on matters related to economic and humanitarian assistance. Since the eruption of the war in Azerbaijan over Nagorno-Karabakh, the lobby has effectively prevented similar assistance going to Azerbaijan, despite the strong support for Azerbaijan from the oil, Israeli, and Turkish interests on the Hill. Thus, despite the more important economic ties the U.S. has with Azerbaijan, no administration can ignore the fate of Armenia.

Azerbaijan is important not only because of its energy sources, but because of its geography and its role as a pro-Western Muslim state bordering Russia, Turkey, Iran, Georgia, and Armenia. Furthermore, since U.S. energy policy toward the Caspian has put a high priority on developing the Baku-Tblisi-Ceyhan (BTC) pipeline to carry Azeri, and possibly Kazakh and Turkmen, oil and gas to market via the trans-Caspian pipeline,

Baku's strategic importance is likely to grow. In these circumstances, the physical security of Azerbaijan will take on a greater importance, which could lead to increased military spending, including U.S. arms sales.

The third Caucasus country, Georgia, has a different set of problems. On November 22, 2003, its leader, Eduard Shevardnadze, was ousted in a bloodless coup. He had been well respected in Washington since his services as Soviet Foreign Minister under President Mikhail Gorbachev. Georgia has struggled to remain free of Russian influence and has sought close ties with the West and other former Soviet Union countries (FSU countries). Its geography puts it in an ambivalent position vis-à-vis the oil and gas egress issues. On the one hand, Georgia has benefited from the use of pipelines from Baku to the Black Sea port of Supsa, and when the BTC pipeline is complete, Georgia will collect significant transit fees. However, because it is not a producer, Georgia will never be anything more than a peripheral player in the energy game. Rather, its proximity to Azerbaijan and its own internal problems, including significant Russian military presence, means that Georgia is important more because of its location. This transcends the energy issue and also affects Russian security concerns in Chechnya and along Russia's southern flank. The political developments in Georgia, now that Shevardnadze has gone, will be very carefully monitored by Russia and the United States. An unstable Georgia would be in neither country's interest.

The Central Asian countries are somewhat easier to differentiate in terms of their strategic importance to the U.S. Two countries, Kazakhstan and Uzbekistan, clearly rank at the top of the list, with Turkmenistan close behind. Tajikistan and Kyrgyzstan have less importance but cannot be dismissed in view of their ethnic composition, their location close to China, and the fact that the U.S. has bases in these two countries from which to fight the Afghan war. Kazakhstan can claim to be the key country in view of its location, its size, and its potential energy wealth. Uzbekistan is often regarded as the most powerful of the "stans," in view of its large population, its diversified economy, and its political and historical culture. In fact, Uzbekistan may be the natural hegemon in Central Asia. The local countries themselves are well aware of this and discuss Uzbekistan's "Prussian ambitions."

Uzbekistan's decision (with Russia's acquiescence) to permit base facilities for U.S. forces in the war against the Taliban has further enhanced its strategic importance. Yet, the country remains under the leadership of Islam Karimov, a strong man with no intentions of bringing democracy to the country anytime soon. This creates a dilemma for America (and Russia): absent political reform in Uzbekistan (and other countries), radical Islam may soon pose a significant threat to U.S. and Russian interests in the region, yet Washington is reluctant to pressure regimes whose cooperation is important to the war on terror.

The danger is that, in preserving its own strategic posture because of the ongoing war in Afghanistan, the United States is ignoring festering problems including the growth of radical Islam. Sooner or later, radical Islam will take greater hold in Central Asia, particularly if there are no reforms, yet pushing for reforms at this point in time could

undermine American relations with local governments which would, in turn, affect the war on terrorism. As a result, America's short-term objectives, namely the war in Afghanistan, are at odds with its longer-term goals of stability and modernization as the best way to deal with the problem of radical Islamist terrorism.

Conclusion

In many ways, this is America's moment in the Middle East. It has a huge military presence from the Mediterranean to the Hindu Kush, which no power in the world can challenge.

This creates great expectations at home and abroad. Since September 11, 2001, the Bush Administration has adopted a bold political agenda that combines a war against terrorism with an inspiring vision of greater transparency and democracy in the region. Many believe such changes will prompt responsibility and curtail terrorism and disorder. But even in the best of circumstances, this vision will take many years to succeed; meanwhile, the patience of the American public will be severely tested, especially if casualties increase and the financial costs of the American presence begin to affect Americans' daily lives. It is for this reason that President Bush has sought to share the burden of the war against terrorism by seeking the cooperation of the UN, European governments, Russia, and key countries of the greater Middle East. In the narrow case of Russia, cooperation must be practical and must include progress on a range of issues, namely terrorism, efforts to stabilize Afghanistan and Iraq, and the looming problem of Iran's nuclear weapons program. The prospects for U.S.-Russian cooperation are discussed in Chapter 3.

CHAPTER 2:

RUSSIAN INTERESTS IN THE GREATER MIDDLE EAST

Russia's interests in the greater Middle East are multidimensional and vary widely in importance. While Moscow has considerable security and economic interests in Central Asia's stability, its natural resources, and its pipelines, the Kremlin's stake in other parts of the Middle East, such as Syria, is driven largely by nostalgia and, as yet, unrealized commercial aspirations. Understanding Russia's diverse interests is essential to evaluating the prospects for effective cooperation between Washington and Moscow.

For the purposes of this analysis, the greater Middle East has been divided into three sub-regions that form a series of loose concentric arcs along Russia's southern frontier. The innermost arc is composed of the southern tier of states in Russia's so-called "near abroad"—the Russian term for the countries of the former Soviet Union—and includes both the Caucasus region (Armenia, Azerbaijan, and Georgia) and Central Asia (Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan). The next arc consists of Turkey, Iran, and Afghanistan, all of which border the "near abroad" directly and can have a substantial influence on events there. The outermost arc includes Egypt, Jordan, Iraq, Israel, Lebanon, Libya, Saudi Arabia and the other states of the Arabian Peninsula (Bahrain, Kuwait, Oman, Qatar, the United Arab Emirates, and Yemen), and Syria.

With a few notable exceptions, the significance of Russian interests—and the strength of Russian sentiments—gradually diminish as one moves outward through each successive arc. Despite its substantial nuclear arsenal and its permanent seat on the United Nations Security Council, Russia is in this context essentially a regional power. It has limited military power projection capabilities and few other levers to influence developments far from its borders. Still, some distant developments from Russia do have a significant and tangible impact in the country; for example, Moscow has been quite concerned by financial support for Chechnya's terrorist groups from individuals and groups in Saudi Arabia, which is relatively far from Russia.

Russia's National Interests

Russian interests in the greater Middle East must also be understood in the context of the country's overall national interests. Foremost among those interests in the post-Soviet period has been Russia's own complex political, economic and social transformation; Russian President Vladimir Putin has clearly described this as Moscow's top policy priority. For example, in his first "state of the union" address to Russia's parliament in 2001, Mr. Putin said that "the strategic task last year was to strengthen government, because without solving the problems here we could not solve problems in

the economic or social sectors.” However, he added, “our successes are not sufficient. We must do more.”²¹

The Kremlin’s focus on Russian internal developments has had several operational consequences. Most notably, Moscow has sought a delicate balance between maintaining cooperative relationships with the United States and Europe—the principal outside sources of investment capital for the Russian economy and, in a sense, the “gatekeepers” of the international economy—and retaining the ability to protect its other interests in the international system. This can facilitate Russian cooperation, or at least Russian acquiescence, with important U.S. objectives in the greater Middle East region.

The other side of the coin, however, is that Moscow is increasingly attentive to Russian economic interests in the region. President Putin has repeatedly stressed the economic dimension of Russian interests and went so far as to chide the Foreign Ministry for failing to “have a full command of the situation regarding trade and economic ties” in a speech at the Ministry in 2001. He also told Russia’s diplomatic corps that “it is vitally important for the foreign policy department to pay closer attention to the most important economic projects in keeping with national interests.”²² This has (perhaps ironically) led some Russian officials to apply the zero-sum logic of the superpower rivalry to economic competition.

The ongoing unrest in Chechnya—widely viewed as the principal threat to Russian security—also substantially impacts Russians’ perceptions of their country’s overall interests. As in the case of Moscow’s new focus on Russian economic interests, this also creates tension between competing priorities: the Kremlin is determined to simultaneously combat Islamic extremism and to avoid alienating the broader Muslim world. However, in part because of its substantially larger Muslim population, its proximity to predominantly Muslim states, and its historical legacy in the region, Russia has found a different solution to this equation than America, which faces a broadly similar challenge. This problem is a prism through which Russian officials view much of the region.

Notwithstanding its continuing preoccupation with domestic developments, the Kremlin has recently seemed to grant increasing priority to establishing and protecting Russia’s international political role and prerogatives. Moscow’s position during the diplomatic prelude to the war in Iraq clearly demonstrated both the country’s increasing willingness to act independently and assertively vis-à-vis the United States and its commitment to multilateral processes, like the United Nations, that enhance Russia’s role and prestige. Without mentioning the war, President Putin spelled out this newly important aim of Russian foreign policy in his May 16 “State of the Nation” address to the Russian parliament:

²¹ President Vladimir Putin’s Annual Address to the Federal Assembly of the Russian Federation, April 3, 2001.

²² President Putin’s speech at the Foreign Ministry took place on January 26, 2001.

Now we have to take the next step and all our decisions and actions must be dedicated to ensuring that, in the foreseeable future, Russia will firmly take its place among the truly strong, economically advanced and influential states of the world. This is a qualitatively new task, a qualitatively new step for the country. A step which we were unable to take earlier because of a number of pressing problems. We have this opportunity and we must take it.²³

This new Russian assertiveness is linked to growing public concern about American foreign policy intentions. Though few Russians see the United States as a threat to their own country—and overall attitudes toward the U.S. have improved somewhat since the war in Iraq—many in Russia are deeply troubled by American efforts to promote democracy. For example, in a survey conducted in late April 2003, a majority of respondents believed that the U.S. “interferes in the affairs” of other countries, 61% believed that the U.S. “imposes its values” on other countries, and 61% believed that America is “trying to gain world dominance.”²⁴ As a result, Russians view official U.S. statements about democratizing the Middle East with considerable skepticism.

The Innermost Arc: The “Near Abroad”

Russia has substantial security, economic and political interests in the band of newly independent countries along its southern frontier. The foreign policy components of major statements by top officials—such as President Putin’s annual addresses to the Russian parliament—routinely begin with discussion of the importance of Russia’s interests in the Commonwealth of Independent States (CIS) and, after September 11, in Central Asia in particular.²⁵ Moscow’s principal security interests are terrorism and drug trafficking, both of which have already inflicted significant costs on Russian society, though Russian leaders are also concerned about other issues, such as basing rights and the conditions of ethnic Russians living in the region. Economic interests are largely, but not exclusively, energy-related. Russia’s political interests in the Caucasus and Central Asia center around its desire to remain the predominant power in the region.

Terrorism

Russian security interests are paramount in the Caucasus and Central Asia, especially in the states that directly border Russian territory, Georgia and Kazakhstan. Russian officials frequently discuss their concerns in the region; for example, Foreign Minister Igor Ivanov has dismissed the danger to his country from NATO and the United States and said “the threat for Russia hides in the Caucasus Mountains region and its Asian border.”²⁶

²³ The speech aired on RTR Russian Television on May 16, 2003; this translation is by *BBC Monitoring*.

²⁴ “Most Russians think U.S. imposes its values on other countries, poll shows,” *Interfax*, May 15, 2003.

²⁵ E.g., “Vystupleniye Prezidenta Rossiiskoi Federatsii V. V. Putina c Poslaniyem Federalnomu Sobraniyu Rossiiskoi Federatsii,” April 3, 2001 and “Poslaniye Prezidenta Rossiiskoi Federatsii V. V. Putina Federalnomu Sobraniyu Rossiiskoi Federatsii,” April 18, 2002 at www.president.kremlin.ru.

²⁶ Burt Herman, “Ex-Soviet Republics Concern Russia,” *Associated Press*, July 19, 2002.

Moscow's primary security concern is Islamic extremist terrorism, viewed in the context of the ongoing conflict in Chechnya. While the Russian military has ceased major combat operations in Chechnya and has broken up the larger groups of Chechen rebels, terrorism continues in the region and the threat of terrorism weighs heavily on the minds of many across the country, especially in the wake of Moscow's October 2002 hostage crisis.

Moreover, Russians view terrorism in a manner fundamentally different from Americans. Whereas Americans are principally troubled by the consequences of individual terrorist attacks, Russians are also worried that terrorist campaigns could splinter their country, which includes some 20-30 million Muslims – roughly 15-20% of the Russian Federation's total population²⁷, concentrated in autonomous regions along its southern border. Though many of Russia's Muslims are non-practicing or identify only weakly with their nominal faith, leaders in Moscow are anxious that Islamic extremism could spread from Chechnya (or from their unstable Central Asian neighbors) to other Russian regions and provoke new secessionist movements and broader violence. Moscow similarly fears the destabilization of Central Asian states and the potential establishment of aggressively hostile extremist regimes on or near its borders.

As a result, Moscow is concerned with the growth of Islamic extremist groups in Central Asia, such as the Islamic Movement of Uzbekistan (IMU) and Hizb-ut Tahrir (the Islamic Liberation Party, or HT). Though the IMU was significantly damaged while attempting to assist Afghanistan's Taliban regime in fighting the United States, it remains a dangerous presence in the region. Two years prior to the war in Afghanistan, large IMU detachments (one including over a hundred militants) seized several villages in Kyrgyzstan and Tajikistan. The IMU also organized a series of bombings in Uzbekistan's capital, Tashkent.

Hizb-ut Tahrir has also provoked substantial apprehension in Russia, despite the fact that it does not openly advocate violence. The group does, however, aim to establish an Islamic "caliphate" encompassing all the region's Muslims – a plan that Russian leaders find very troublesome. President Putin linked this idea to the objectives of some Chechen rebel groups during a call-in television program late in 2002: "Their idea is to set up a Caliphate not just in Russia, but across the entire world," he said.²⁸

Russia has tried to transform the CIS Collective Security Treaty Organization, which includes Armenia, Belarus, Kazakhstan, Kyrgyzstan and Tajikistan, into a regional anti-terrorist organization; the group has established an Anti-Terrorism Center in Moscow. However, like most of the former Soviet Union's multilateral organizations, the group has generally been more a format for summit meetings than an instrument of day-to-day cooperation. It also suffers from the absence of a skeptical Uzbekistan, which

²⁷ Dmitri Glinski-Vassiliev, "Islam in Russian Society and Politics: Survival and Expansion," Program on New Approaches to Russian Security Policy Memo No. 198, May 2001, p. 1.

²⁸"President Putin Answers Questions 19 December 2002: Full Text," *BBC Monitoring*, December 19, 2002.

has been reluctant to accept Russian leadership on security matters and has sought (and received) Washington's attention instead.

Nevertheless, Russia does have a major presence in the region as a result of the deployment of the 201st motorized infantry division in Tajikistan. The unit is composed of approximately 10,000 to 14,000 soldiers—according to most reports, largely Tajik conscripts led by Russian officers²⁹—and has the difficult task of securing the Tajik-Afghan border. President Putin visited the division in April 2003 to announce plans to increase deployments in the region to combat terrorism and interdict drug shipments. “The situation in this region is far from peaceful or stable,” he said, adding “our special services have been observing a flurry of activity on the part of the Taliban and Al Qaeda.”³⁰

Interestingly, President Putin and other senior Russian officials have explicitly acknowledged that the American removal of Afghanistan's Taliban regime contributed substantially to Russian and regional security. “Neutralizing the source of terrorism in Afghanistan has substantially reduced the threat to security in the Central Asia region,” Mr. Putin said at a conference in Kazakhstan.³¹ In fact, notwithstanding some concerns expressed by Defense Minister Sergei Ivanov, as well as in the State Duma and the non-governmental foreign policy establishment, Russian leaders have been generally positive about the American troop presence in Central Asia. In an interview with the Russian news agency RIA-Novosti at the end of 2002, Russian Foreign Minister Igor Ivanov was remarkably blunt on this point:

Take such a phenomenon as the U.S. military presence in some states of Central Asia, which resulted from an international anti-terrorist operation in Afghanistan. How to assess this fact from the perspective of common interests in the struggle against a terrorist threat that emanated from Afghanistan's territory? Have the security interests of Russia and our CIS partners benefited or suffered when this threat was largely eliminated? I think the answer to this question is self-evident.

Looking to the Caucasus, terrorism has become the predominant issue in Russian relations with Georgia, which Moscow believes has not been sufficiently cooperative in expelling Chechen militants and closing its borders to them. In fact, in the fall of 2002—even before the October hostage crisis in Moscow—some 43% of Russians polled approved of sending Russian troops into Georgia to search for Chechen militants.³² The Russo-Georgian relationship is further complicated by the fact that most Russians had a

²⁹ Because Russia's military continues to rely very heavily on conscripts serving mandatory two-year terms in the armed forces, and because its non-commissioned officers are few and poorly trained, Russian troop formations typically include substantially more officers—many handling lower-level responsibilities—than their U.S. counterparts.

³⁰ “Russia Will Strengthen Military Presence in Tajikistan – Putin,” *Interfax Diplomatic Panorama*, April 28, 2003.

³¹ “Russian president identifies threats to Asian security,” *BBC Monitoring*, June 4, 2002.

³² Nationwide surveys by VCIOM (All-Russian Center for Public Opinion Research) from September 20-23, 2002 reported at www.russiavotes.org.

very negative view of former Georgian President Eduard Shevardnadze, due to his perceived role in the collapse of the Soviet Union while serving as Foreign Minister under Soviet President Mikhail Gorbachev. Still, with U.S. assistance (and some pressure³³), Georgia cleared Chechen rebels and so-called “Arab fighters”—extremist Islamists who have traveled to the region to take part in the fighting against Russia—from the contentious Pankisi Gorge region.

More broadly, Russia has attempted to mobilize American and other international cooperation in dealing with its terrorism concerns, both in Chechnya and in Central Asia. Substantively, this has largely taken the form of stressing links between Al Qaeda and some Chechen militants and Russia’s role as a buffer between Europe and Asia. Procedurally, Russia has given greater attention to international institutions and legal practices, for example, by officially declaring both the Islamic Movement of Uzbekistan and Hizb-ut Tahrir to be terrorist organizations, along with Al Qaeda, the Taliban, two Chechen groups, and others, with a view to persuading foreign governments to take appropriate action. The U.S. State Department does, in fact, include the IMU—but not HT—on its list of Foreign Terrorist Organizations and recently declared the two Chechen groups to be terrorist organizations as well.³⁴ The designation makes it illegal to provide financial or material support to the groups, empowers the Treasury Department to block their assets (if any) in the United States, and allows the government to deny visas to known members of such organizations.

Drug Trafficking

Russians routinely identify illegal drugs and the multi-faceted consequences of the drug trade as one of the top two problems facing their country. In a January 2003 poll, for example, 36% of respondents identified drugs as Russia’s top problem, 34% named crime (the growth of which is driven in part by the expanding drug trade), and 30% cited terrorism.³⁵

The priority that Russians ascribe to their country’s drug problem is a direct result of its impact on Russian society. According to official sources, Russia is believed to have some 3-4 million drug addicts and the number of drug-related crimes has increased 15 times during the last ten years.³⁶ In addition to the direct health effects of drug addiction, Russia’s drug problem has also given the country one of the fastest growing

³³ After September 11, the Bush Administration generally accepted Russian arguments linking Al Qaeda to certain Chechen groups. For example, in his February 5, 2003 speech to the United Nations Security Council outlining the case against Iraq, Secretary of State Colin Powell spent considerable time discussing the activities of Abu Musab Al-Zarqawi, who he described as an Al Qaeda associate sheltered by Saddam Hussein’s regime. Secretary Powell added that Al-Zarqawi’s group had operated in the Pankisi Gorge and in Chechnya.

³⁴ The IMU was originally designated as a Foreign Terrorist Organization in 2000.

³⁵ “Russians call drugs, crime, terrorism greatest social problems,” *Interfax*, January 21, 2003.

³⁶ Anna Bazhenova, “There are more than three million drug addicts in Russia – Putin,” *ITAR-TASS*, May 16, 2003, and “New committee to intensify fight against drug trafficking,” *Interfax*, March 12, 2003.

rates of HIV infection in the world; 90% of the cases are believed to be a result of shared needles.³⁷

Moreover, the vast majority of Russia's drug supply enters the country through Central Asia. According to Russia's Foreign Ministry, "virtually all heroin consumed in Russia today originates from Afghanistan"; as a result, the security of the Afghan-Tajik and Russian-Kazakh borders is among Russia's top priorities.³⁸ President Putin noted this concern during an April 2003 visit to Tajikistan.

Despite Russia's substantial presence along the Tajik-Afghan border, Moscow's efforts to stem the flow of illegal drugs have thus far been ineffective. One of the foremost challenges has been endemic corruption among not only Tajik border guards, but also the Russian soldiers and commanders supporting their work. Low wages are a major motivating factor among both groups. Notwithstanding Russian denials, drug use within the military ranks is also likely a problem.

Notably, Chechnya has also been a transit route for the east-west drug trade and efforts to stem drug trafficking have given additional impetus to Moscow's efforts to establish order there. Russian analysts estimate that Chechen rebels could earn as much as \$800 million per year smuggling heroin through the region.³⁹

Other Security Interests

Russia retains several military bases in the Caucasus and Central Asia. Though most undoubtedly serve political purposes, many have military value as well, such as the early warning radar station at Gabala, in Azerbaijan, and a radar station and a group of testing ranges in Kazakhstan. The presence of the 201st motorized infantry division in Tajikistan also serves important Russian security interests by contributing to stabilizing the country and assisting Russian border troops guarding the Tajik-Afghan border. The Tajik-Russian military base at Kuliob was a hub of Russian support for the Northern Alliance and remains important. Russia also leases two military installations in Kyrgyzstan and also maintains an air base at Kant through the Collective Security Treaty Organization. Foreign military bases are constitutionally prohibited in Turkmenistan.

Russian bases in Georgia, which the Shevardnadze government was eager to shut down, and in Armenia, are more ambiguous in purpose. The primary function of the bases in Georgia seems to have been implicit pressure on the Georgian government; the base in Armenia, at Gyumri, seems to play a role in air defense planning but also serves to demonstrate Russian support of Armenia in its conflict with Azerbaijan over the Nagorno-Karabakh enclave.

³⁷ "Young Russians spend over one billion dollars a year on drugs: study," *Agence France Presse*, April 2, 2003.

³⁸ "Russia to work with Europe to counter Afghan drugs trade," *BBC Monitoring*, May 20, 2003. The Kazakh-Tajik border obviously also intervenes, but Moscow is politically not in a position to station troops to secure it.

³⁹ B. Raman, "Chechnya Continues to Bleed," *South Asia Analysis Group Paper No. 573*, December 30, 2002.

Access to space launch facilities in Kazakhstan is also an important Russian security interest as its latitude allows for the launch of heavier payloads into higher orbits. Although Moscow is diversifying its space launch options through commercial arrangements with the European Space Agency (French Guiana) and Australia (Christmas Island), Russian agencies have more experience with and control over Kazakhstan's Baikonur Cosmodrome.

Russia also has an interest in protecting ethnic Russians residing in the former Soviet Union, though its priority has steadily declined since the demise of the USSR. Kazakhstan, which is home to over five million ethnic Russians, is the most important country in this regard. In fact, some 30% of Kazakhstan's population is Russian. Ethnic Russians make up nearly 20% of the population of Kyrgyzstan, though they number only around 900,000, and 5-6% of the population in Uzbekistan, which has close to 1.5 million Russian inhabitants.⁴⁰

Strikingly, Moscow has increasingly distanced itself from the plight of ethnic Russians abroad and has encouraged them to adapt to the countries in which they live. One press report—referring to an anonymous source in the Presidential Administration—stated that the Kremlin believes that it should protect ethnic Russians outside the country but urged them to avoid “self-isolation” and suggested that they return to Russia in the future if they are dissatisfied with their adopted countries.⁴¹ This shift seems to reflect changes in public opinion; by 2000, a major public opinion poll showed only 20% of respondents would favor military action to protect ethnic Russians in the “near abroad,” while 94% favored negotiation. Seventy-two percent advocated resettlement to Russia, 64% supported economic pressure, and 36% said that Russia should not interfere in the affairs of other countries.⁴² This likely reflects increasing adjustment to the new realities of the post-Soviet space.

Economic Interests

As in the case of Russian security interests, Russia's economic interests in the Caucasus and Central Asia are among the country's central foreign policy objectives. President Putin made this argument in his 2002 address to the Russian parliament, stating: “Work with the countries of the CIS is Russia's main foreign policy priority. This priority is connected, among other things, with receiving competitive advantages in world markets. The CIS countries have many possibilities to realize large-scale infrastructure, transport and energy projects. I am certain that their realization will increase the firmness of our integration and provide new opportunities for the Russia economy—and not only for it [but also for other CIS economies].”⁴³ While Mr. Putin

⁴⁰ These figures are drawn from the CIA World Factbook, <http://www.cia.gov/publications/factbook/index.html>.

⁴¹ “Moscow to protect Russian-speaking population abroad,” *RIA-Novosti*, July 23, 2002.

⁴² New Russia Barometer VIII, January 19-29, 2000, reported at www.russiavotes.org/Mood_intl_cur.htm.

⁴³ “Poslaniye Prezidenta Rossiiskoi Federatsii V. V. Putina Federalnomu Sobraniyu Rossiiskoi Federatsii,” April 18, 2002.

was referring to the CIS more broadly in his statement, the focus of Russian activity within the CIS has been the Caucasus and Central Asia. Western CIS states have been less interesting partners for reasons ranging from recalcitrance (Ukraine) to limited benefits (Moldova) and outright economic unattractiveness (Belarus).

Energy projects in Azerbaijan, Kazakhstan and Uzbekistan have been central to Russian economic objectives in the southern portion of the former Soviet Union. Though the infrastructure and transportation projects described by President Putin are also important, they are unlikely to generate the rapid returns that can be produced by oil and gas development. Lukoil, Russia's largest oil producer, has stakes in several key projects. Russia's gas monopoly Gazprom and its somewhat questionable offspring, Itera, are likewise major participants in the market. Building on close ties between Gazprom and some Central Asian producers, President Putin has proposed the creation of a "gas OPEC" to manage gas production and pricing. The governments of Kazakhstan and Uzbekistan have expressed some interest in the idea; Turkmenistan's leader has been less receptive.

Of course, pipelines do not necessarily quickly return the investment in their construction—but they can buttress Russia's already considerable market power in the region. For example, Gazprom has effectively used its control of gas pipelines out of Central Asia to ensure that its own product is exported largely to Europe at world market prices while regional suppliers are generally confined to the CIS market, where prices are lower and customers are less likely to pay on time and in full. Russia has attempted to employ its state-controlled oil pipeline company Transneft in a similar fashion. Moscow has also pressured energy-poor governments to pay their debts by transferring equity in state enterprises to their Russian creditors, which has further improved Russia's comparatively strong economic position in the CIS.

Russia also has an interest in the longstanding dispute over the division of the Caspian Sea, though the status quo is not unfavorable to Moscow. The Russian government is currently siding with Azerbaijan and Kazakhstan in the dispute; the three governments stand to gain the most from their proposed solution, based on the so-called median principle, while the other two littoral states, Iran and Turkmenistan, would lose if their preference for equal sectors is not realized. However, because Russia, Azerbaijan and Kazakhstan have reached bilateral understandings on some of the most interesting areas of the sea (which would almost certainly be under their control under any likely agreement), they have substantially limited the costs of failing to make a deal with the other two parties. Russia also seems to have contained the potential impact of the disagreement on its relations with Tehran.

Kazakhstan and Uzbekistan are Russia's most important trading partners in the region by far. In fact, Kazakhstan is Russia's second most important economic partner in the greater Middle East (after Turkey), with \$4.4 billion in bilateral trade.⁴⁴ Trade with Uzbekistan is well behind this—at close to \$1 billion in 2002—but still exceeds Russian

⁴⁴ "Putin, Nazarbayev to hold talks Tuesday," *ITAR-TASS*, February 18, 2003.

commercial ties to other countries in the region by a substantial margin.⁴⁵ Moscow is aggressively working to boost trade throughout the area.

Political Interests

Russia's overwhelming political interest in the innermost arc of states along its southern frontier is its maintenance of a dominant political role in the region. Maintaining such a role is important to Moscow among other reasons because:

- It facilitates Russian efforts to prevent the emergence of a hostile state along its poorly-guarded southern frontier;
- It is mutually reinforcing with Russia's economic goals in the region, in that political leadership eases economic leadership, and vice-versa;
- It discourages other powers, such as the United States or China, from seeking similar roles; and,
- It enhances Russia's international political (and, in some cases, legal) status to be a regional leader.

Operationally, Russia has sought to consolidate and strengthen its political role in the Caucasus and Central Asia both multilaterally and bilaterally with individual governments. Moscow's main multilateral instrument has been the machinery of the Commonwealth of Independent States and sub-groups such as the Collective Security Treaty Organization and the Eurasian Economic Community. As a rule, however, these groups have been effective primarily at organizing summit meetings among heads of state and government ministers rather than promoting genuine cooperation on key issues. This is likely a consequence of the Kremlin's tendency to use CIS structures as a dumping ground for senior officials on their way out (voluntarily or otherwise), limited enthusiasm for Russian leadership elsewhere in the region, and the limited institutional capacity of many (if not most) of the member governments.

Moscow has been somewhat more successful in strengthening its position in its bilateral relationships for the simple reason that Russia enjoys very substantial capabilities relative to countries in the southern tier of the former USSR even in its weakened condition. As a result, it is able to bring increased leverage—especially economic leverage—to bear in its relations with its poorer relatives among the Soviet successor states.

Nevertheless, several regional governments have been problematic for Moscow; Georgia, Uzbekistan and Turkmenistan have likely caused the most trouble. Georgia is especially resented because of its perceived lack of cooperation in Russia's war in Chechnya and its occasional deliberate slights—such as Tblisi's decision to allow the Bush Administration to notify Moscow (rather than doing so itself) of the dispatch of American special forces to train Georgian counter-terrorism troops. Georgia has also

⁴⁵ "Russian-Uzbek trade nears \$1 billion—Putin," *ITAR-TASS*, June 7, 2002.

aggressively sought to tie itself to the United States as closely as possible, and, during his tenure, President Shevardnadze repeatedly expressed interest in membership in NATO. For its part, Uzbekistan withdrew from the Collective Security Treaty in 1999 and has been courting the United States, including through the provision of military facilities important to the war in Afghanistan and the ongoing U.S. presence there. Tashkent has not been overtly hostile to Russia, but, like Georgia, it clearly seeks to substitute Washington's patronage for Moscow's. Georgia and Uzbekistan are also partners in GUUAM, a regional organization named after its members—Georgia, Ukraine, Uzbekistan, Azerbaijan and Moldova—and perceived as inherently anti-Russian. Perhaps ironically, Turkmenistan's constitutionally-enshrined neutrality has been no less frustrating for Russian leaders. Turkmen President Saparmurat Niyazov's suspicion that Russia has been behind challenges to his dictatorial rule – which led, among other things, to an April 2003 Turkmen decision to revoke a dual citizenship agreement that had allowed about 100,000 ethnic Russians in the country to retain Russian citizenship – has also damaged the relationship.

Russia does, however, have a particular interest in looming leadership successions throughout the region. In some cases, such as that of Azerbaijan's aging President Heydar Aliyev, Moscow has focused primarily on coping with transitions as effectively as possible. In the most recent case, the departure of Georgia's Eduard Shevardnadze, Russian leaders still have to disclose their hand concerning relations with his successor. Interestingly, some Russian officials have also explored the idea of joint U.S.-Russian "management" of impending transitions in the Caucasus and Central Asia.

More broadly, while many Russians continue to view the Soviet period with nostalgia, there are clear limits to the costs that most are willing to pay to sustain their country's role in the countries along the southern edge of the former Soviet Union. The Russian government is willing to forgo a certain amount of income (and to force an ostensibly private company to do the same) to sell natural gas at below-market prices through Gazprom; this is no different from the "implicit subsidies" created by the Soviet Union's artificial pricing and (in the case of Soviet bloc countries) artificial exchange rates. However, very few Russians are willing to pay the economic and other costs necessary to pursue the neo-imperial ambitions sometimes attributed to Moscow.

Accordingly, the Russian debate on the country's role in the Caucasus and Central Asia is focused less on the extent of Russia's role, which is settled within certain parameters, than on the appropriate extent of America's role. In that context, President Putin's decision to support U.S. efforts to obtain military bases in Kyrgyzstan and Uzbekistan had to support operations in Afghanistan was a courageous one. Similarly, his and Foreign Minister Igor Ivanov's defense of the American presence in the region—on the basis of its contribution to (largely) resolving Russia's Afghanistan problem—suggests that the Kremlin does not thus far consider U.S. influence a direct threat to its own interests. Nevertheless, there is opposition to this perspective even within the Putin Administration, not to mention Russian elite and public opinion. In a 2002 opinion survey, 26% of respondents said they were "definitely worried" by the stronger U.S.

military presence in Central Asia and 37% reported being “somewhat worried.” Only 5% were “not worried at all.”⁴⁶

“External Influences”: Turkey, Iran and Afghanistan

Moving southward, just three countries define the former Soviet Union’s border with the Middle East and South Asia: Turkey, Iran and Afghanistan. Each has considerable consequence for a broad range of Russian interests and all are capable of exercising significant influence—for good or ill—in the “innermost arc,” an area of vital importance to Moscow.

Security Interests

Notwithstanding American concern about Iran’s efforts to develop nuclear weapons, Afghanistan had long been Russia’s predominant security concern in the region as a result of the Taliban regime’s direct support of Chechen rebel groups. Even today, Russian officials remain deeply concerned about the possible reconstitution of the Taliban if U.S. and international reconstruction efforts in the country should fail. Russia has therefore repeatedly expressed its interest in participating in the country’s development, with a view both to stabilizing the country and earning goodwill among a deeply skeptical population. As described earlier, Afghanistan is also a major security problem for Russia by virtue of its status as the world’s principal exporter of opium and a key artery for other drug trafficking. President Putin characterized Russian interests in Afghanistan by saying that “Russia has no goals in Afghanistan except one, to see an independent, prosperous, neutral, and friendly Afghanistan” when meeting Afghan leader Hamid Karzai at the Kremlin in 2002.⁴⁷

Russia has sought to address its security interests in the country in part by continuing to work with its long-time allies of the Northern Alliance, such as Afghan Defense Minister Mohammed Fahim. Minister Fahim visited St. Petersburg in July for consultations with his Russian counterpart, Sergei Ivanov, who reiterated earlier promises to provide the Afghan military (still composed largely of ex-Northern Alliance soldiers) with free military airplanes, communications equipment, vehicles and other supplies as well as free training and technical assistance. According to the Russian Defense Ministry, some 90% of the Afghan Armed Forces’ weapons and equipment is Soviet or Russian in origin.⁴⁸ Moscow has also offered to assist NATO—which took command of the International Security Assistance Force in the country in August 2003—by sharing intelligence and assisting with search and rescue operations in northern Afghanistan.⁴⁹

In part because of its common support of the Northern Alliance against the Taliban regime, Iran is generally seen more as a strategic partner than a security threat.

⁴⁶ Nationwide VCIOM surveys, January 25-28, 2002, reported at www.russiavotes.org/terror.htm.

⁴⁷ David Filipov, “Fighting Terror/Global Impact; Putin Vows to Rebuild Afghan Army,” *The Boston Globe*, March 13, 2002.

⁴⁸ “Afghan defense minister to visit Russia,” *Interfax*, July 4, 2003.

⁴⁹ “Afghan defense minister in Russia’s second city,” *Agence France Presse*, July 9, 2003.

Tehran also cooperated with Moscow in bringing an end to the Tajik civil war and, despite its support of Islamist causes elsewhere, has not sought to promote revolutionary Islamist ideology in Russia or the Caucasus and Central Asia. This has included a notable lack of tolerance of support for Chechnya's Islamist rebel groups among its citizens that contrasts sharply with other governments in the region, such as Saudi Arabia—something especially appreciated by Moscow. (Iran's position stems in part from competition between its Shiite Islam and Sunni Islam, shared by the Taliban, Saudi Arabia, and many Chechen rebel groups.) Both countries also share interests in limiting not only American, but also Turkish (secular Islamic) influence in their neighborhood.

Still, there are signs that Russian leaders have become increasingly concerned by Iran's nuclear efforts, especially in the wake of the International Atomic Energy Agency's May 2003 report condemning Iran's failure to declare nuclear materials and facilities. The Russian media has also begun to notice that Iran could pose a security problem; the prominent newspaper *Nezavisimaya gazeta* published a long article in May 2002 noting that Iran's Shahab-3 ballistic missiles could strike cities inside Russia, including Volgograd (formerly Stalingrad), Astrakhan and Rostov-na-Donu.⁵⁰ Nevertheless, like many European governments, Russia has chosen to advance its security interests vis-à-vis Iran by engaging rather than containing Tehran; most in Russia's foreign policy elite appear to believe that this strategy has been validated by Iranian conduct. The Kremlin also continues aggressively to pursue Iran as a consumer of its conventional arms exports, primarily for economic and political reasons.

Russia's security relationship with Turkey is considerably more straightforward than during the Soviet period, when Turkey represented a major NATO challenge on the USSR's southern flank. Russian officials have frequently alleged that Chechen rebels have been trained at secret terrorist bases in Turkey and complained recently that Chechen hostage-takers at a Moscow theater in October 2002 made cellular telephone calls to Turkey (among other places). Still, the Russian government tends to view Turkey as more of an economic partner/rival—and a political challenge—than a security issue (though many Russians still view NATO and NATO enlargement with suspicion and in some cases even hostility). Moscow's security relationship with Ankara is also somewhat more institutionalized than its ties to Afghanistan and Iran, in that the two governments interact in the framework of the NATO-Russia Council and the Organization for Security and Cooperation in Europe. This has contributed importantly to mutual confidence and transparency.

Economic Interests

Russia has limited economic interests in Afghanistan, though the state-owned energy company Rosneft is exploring gas fields in northern Afghanistan and Moscow is seeking to involve Russian firms in rebuilding the country's shattered infrastructure.

Russia's economic relationship with Iran is close and in sharp contrast to its trade ties with the devastated Afghanistan. Russia sold \$753 million in exports to Iran in 2002,

⁵⁰ Mikhail Khodarenok, "Raketny otvet Tegerana," *Nezavisimaya gazeta*, May 28, 2002.

down 16% from 2001, predominantly metals, timber, chemicals, fertilizer and manufactured goods.⁵¹ Russian weapons sales to Iran contribute significantly to the total, adding some \$300 million in 2002 (for fighter jets, armored troop carriers, and other equipment), roughly 10% of Russia's overall arms exports, making Tehran Moscow's third largest customer after China and India.⁵² Since 1989, Russian arms sales to Iran have totaled over \$4 billion, including some of Russia's most advanced weapons systems and most expensive products (like Kilo-class submarines).⁵³ Russian experts value outstanding contracts at as much as \$7 billion.⁵⁴

Russia's construction of the nuclear reactor at Bushehr, worth \$800 million, is an important source of revenue not only immediately but also over time – Moscow's terms for building the plant include a condition that it be supplied only by Russian nuclear fuel, which could bring another \$30 million per year to Russia over the next ten years. Russian officials routinely argue that this stipulation, as well as the requirement that spent fuel be returned to Russia for reprocessing, will ensure that Tehran cannot divert nuclear material for a weapons program. They also argue that Moscow's commercial interest in providing Iran with nuclear fuel as well as reprocessing should demonstrate to the U.S. that Russia has its own serious reasons to be certain that its fuel is used appropriately and returned.

Despite the modest sums, Russian earnings from Iran are quite significant; arms and nuclear technology exports are essential to the survival of Russia's overdeveloped defense sector and nuclear complex, both of which face sharply lower orders from their own government.⁵⁵ The potentially substantial political costs of allowing firms in the two sectors to fail—and putting hundreds of thousands of employees out of work—have encouraged the Russian government not only to permit, but to encourage exports. Moreover, because of America's own substantial arms sales, Russians often view pressure to limit their own sales as cynical attempts to increase U.S. market share at Russian expense.

Russia is also increasingly interested in energy cooperation with Iran and has begun oil swap deals that allow Moscow to increase oil exports while limiting transportation costs (and simplifying Iran's supply arrangements for its northern cities, which are far from southern oil fields and refineries oriented toward foreign markets). The volume of oil swaps by Russia's top oil firm, Lukoil, is expected to reach one million metric tons in 2003.

⁵¹ "Russia's trade with Iran down 14 pct 2002 to 803 mln dlr," *ITAR-TASS*, March 17, 2003.

⁵² Gene J. Koprowski, "CIA Reports Iran Negotiating for Naval Technologies with Russia," *Navy News Week*, February 3, 2003.

⁵³ Oksana Antonenko, "Russia's Military Involvement in the Middle East," *Middle East Review of International Affairs*, Vol. 5, No. 1, March 2001.

⁵⁴ *Ibid.*, and "Iran Commentary," *Middle East News Online*, April 1, 2002.

⁵⁵ For example, an anonymous Russian Atomic Energy Ministry official told *ITAR-TASS* in early 1996 that orders for fuel for the Bushehr reactor would ensure that a Novosibirsk plant would be able to keep its doors open and retain its employees. There are many other enterprises in similar circumstances. See "Novosibirsk plant to supply fuel for Bushehr station," *ITAR-TASS*, February 7, 1996.

Turkey is Russia's largest trading partner in the entire greater Middle East region, with total trade turnover at \$5 billion in 2002 and a \$2.8 billion surplus for Moscow (primarily a result of natural gas exports).⁵⁶ Turkish investment in Russia is also notable, particularly in the construction industry. Russian-Turkish economic relations are complex, however, largely due to the region's high-stakes energy competition. The most recent problem was a dispute over the price of Russian natural gas exported through the Blue Stream pipeline; Turkey cut off gas purchases in March and demanded that Gazprom slash its prices. President Putin postponed a visit to Turkey over the matter and the two sides have threatened one another with international arbitration, bringing energy transportation to a halt. The Baku-Tblisi-Ceyhan oil pipeline was long a source of tension earlier – Russia bristled at competition to its own extensive pipeline network – but Moscow and Russian oil firms have increasingly accepted the route. Moscow has also been irritated by Turkish limits on Russian tanker traffic through the Bosphorus Straits, based on environmental concerns.

Political Interests

Russia's compelling interests in the Caucasus and Central Asia largely define its political interests in Turkey, Iran and Afghanistan. From this perspective, Russia's principal objective is to limit, to the extent possible, the influence that each of the three countries is able to exercise in the southern tier of the former USSR. In the case of Afghanistan, this means cooperating in international efforts to create a stable and relatively friendly government in the country that will prevent the reemergence of the Taliban regime or other hostile Islamist extremists determined to win broader influence in Central Asia.

At the same time, Russia has an interest in protecting its role as a legitimate "player" in Afghanistan, both during its (presumably long) reconstruction process and afterward. This also has a security component, in that few among Russia's foreign policy elite believe that Washington will stay the distance in the country. In fact, State Duma International Affairs Committee Chairman Dmitry Rogozin argued in a June 2003 presentation at The Nixon Center that this broad issue—America's ability to see through post-conflict situations—was one of Moscow's main concerns about U.S. foreign policy in Afghanistan, Iraq, and elsewhere in the region. Rogozin complained that Washington's targets have been much closer to Russia than to America and that his country must "live with the consequences" of premature U.S. withdrawals after military operations are completed.

Russian efforts to retain a role in Afghanistan pose a problem for the United States in that Moscow's particular perception of the essential balance between stability (which requires a government broadly representative of the country's diverse factions) and friendliness (which requires a leading role for the Northern Alliance) has often

⁵⁶ "Tuzmen: 2004 Will Be the Golden Year of Turkish-Russian Economic and Commercial Relations," *Anadolu Agency*, July 6, 2003, at www.turkishpress.com/turkishpress/news.asp?ID=11587. This does not include shuttle trading, which is considered extensive but declining.

tended to favor its traditional allies in the country to a degree that worries U.S. officials. Washington is concerned about the Northern Alliance's role because its ethnic Tajiks and Uzbeks are a minority in the Pashtun-dominated country and their disproportionate representation could alienate Pashtun tribal groups and destabilize the fledgling government. As a result, Russian officials have complained repeatedly about U.S. efforts to limit the role of the Northern Alliance, which they view as an unfriendly effort to reduce Russian influence in Afghanistan that could potentially threaten Russian interests.

With respect to Iran, Moscow is eager to avoid overturning the existing status quo, in which Tehran has *de facto* acknowledged Central Asia as a Russian sphere of influence and voluntarily limited its own activities in the region. The Kremlin appeared to make a particular effort to improve its relations with Iran early in President Putin's term; the Russian leader met with Iranian President Muhammad Khatami in Moscow in March 2001 in what was the first visit by an Iranian leader to the Russian capital since 1974. In a statement clearly directed at Washington (before President Bush's first meeting with Mr. Putin in June), the Russian president declared that "politically, Iran should be a self-sufficient, independent state that is ready to protect its national interests."⁵⁷ He also said that "contacts at all levels have been intensified" in the relationship between Moscow and Tehran.⁵⁸ Mr. Putin's close political ally, then-Security Council Secretary Sergei Ivanov—who currently serves as Defense Minister—stated a few months earlier that "there is a determination among Russian leaders to have strong relations with Iran on many fronts as we are serious about pursuing them."⁵⁹

Russian-Iranian relations have recently grown more complex, however; Moscow appeared to change sides in the complex dispute over the division of the Caspian Sea (supporting Kazakhstan and Azerbaijan against Iran) in 2002 and has become somewhat tougher in talks on Russian assistance in constructing the Bushehr nuclear power station and in responding to Iran's indigenous nuclear programs. Nevertheless, President Putin and Foreign Minister Igor Ivanov continue to reaffirm the value of bilateral cooperation with Iran in Afghanistan.

There is no question that Moscow views Turkey as a political competitor, especially in Turkic regions of Central Asia. At the same time, however, Turkish influence in Central Asia has not grown to the extent originally feared in Russia (and hoped for in Turkey) after the collapse of the Soviet Union; some suggest, in essence, that Turkic Central Asians found themselves to have much less in common with modern Turkey than they expected.

Despite this, Turkey has become influential in the Caucasus, though in a manner generally not welcomed by the Russian government. Turkish support for Azerbaijan against Russian-aligned Armenia in the Nagorno-Karabakh dispute has irritated Russian officials; Ankara's cooperation with Georgia's President Eduard Shevardnadze, who was

⁵⁷ Michael Wines, "Putin to Sell Arms and Nuclear Help to Iran," *The New York Times*, March 13, 2001, p. A7.

⁵⁸ "Putin Thinks Russian-Iranian Relations Are Developing Positively," *Interfax*, March 12, 2001.

⁵⁹ "Russian security chief hails growing ties with Iran," *Agence France Presse*, October 18, 2000.

viewed as anti-Russian and one of the key figures in the Soviet collapse, was even more troubling for the Kremlin.

The Outermost Arc: The Middle East and the Arabian Peninsula

While Moscow is committed to retaining an important role in the narrowly defined Middle East and on the Arabian Peninsula, this arc is relatively distant—and disconnected—from Russia. As a result, while the Kremlin definitely has its own perspectives on developments in the area, many of its preferences are second-order concerns within the context of the greater Middle East, not to mention the international system as a whole. Nevertheless, some isolated issues are extremely important to Russia, such as support for Islamic extremism in Russia and the Caucasus and Central Asia and global energy prices, over which some countries in the area have significant influence.

Moscow's somewhat surprising willingness to oppose the United States on war in Iraq openly and determinedly may appear to contradict the notion that Russian interests here are of lower priority; in fact, however, many of the considerations that drove Russian policy in that case were external to the region. For example, French-German opposition to America was very important both internationally—where it gave cover to the Kremlin, which was not prepared to take a lead role in resisting Washington—and domestically, because of President Putin's reluctance to appear more pro-American than two key NATO allies. Russian perceptions that the U.S.-Russian relationship was underdeveloped and one-sided also contributed substantially to their government's calculus.

Security Interests

In security terms Saudi Arabia, rather than Iraq, is the real exception to the generally lower importance of the outermost arc; it is the one state that Russians widely believe has a direct—and negative—impact on their country's vital interests through its perceived backing of extremist Islamists in Chechnya and elsewhere throughout the region. Russian estimates of the total level of external support for Chechen rebel groups range from \$10 million to \$200 million per year and focus on Saudi Arabia (and the opium trade in Afghanistan) as the principal sources of the money; State Department officials admit privately that \$100 million may have flowed into Chechnya from 1999 to 2003. Regional media reports suggest that the Saudi royal family frequently contributes sizeable sums for relief efforts in Chechnya; in late 1999, for example, King Fahd donated \$5 million for Chechen Muslims through the Saudi Joint Committee for the Relief of Kosovo and Chechnya.⁶⁰ Not unlike funds donated to certain Palestinian relief groups, these contributions are viewed as laundered support for terrorist groups.

Though the tone of Russian-Saudi relations has improved somewhat since September 2003 meetings between President Putin and Crown Prince Abdallah in

⁶⁰ See www.ArabicNews.com, December 28, 1999.

Moscow, it is unclear whether this change will have operational consequences. That which the Russian government most desires – a crackdown on financial and other support for Chechen rebel groups – is probably one of the areas where Saudi Arabia is least able to deliver. More generally, there is also some inherent structural tension between Russian and Saudi preferences for international oil prices.

Other states on the Arabian Peninsula are similarly suspected of providing (or tolerating) financial support for Chechen fighters and perhaps even giving sanctuary to some of their leaders. Russian media reports identify the United Arab Emirates as another contributor to the Chechen cause, for instance, and accuse Qatar of harboring former Chechen President Zelimkhan Yandarbiev, who allegedly spoke to the October 2002 Moscow hostage-takers by satellite telephone.

More broadly, Moscow has a general interest in stability in the Middle East; Russian officials view instability as a factor that increases extremism and terrorism. This was among the reasons that the Kremlin opposed the United States over war against Iraq; Russian leaders were concerned that an American attack could provoke terrorism throughout the region and – if they supported Washington – in Russia as well. At the same time, they believed that Saddam Hussein was contained and defanged and posed no particular danger to his neighbors, let alone Russia itself. President Putin has subsequently highlighted the dangers of an unstable post-war Iraq.⁶¹

Economic Interests

Russia has significant economic interests as well as considerable economic ambitions in the outermost arc. Its principal interest is oil prices, over which the region's OPEC members—particularly Saudi Arabia and the Gulf States – have a major influence through their production decisions. Despite vying with Saudi Arabia as the world's number one oil producer, Moscow has a different perspective on oil prices than Riyadh; while Saudi Arabia exports virtually all of its production, around one-third of Russian oil production is consumed domestically. Accordingly, while high oil prices substantially improve the government's budget and Russia's balance of payments, they complicate essential economic reforms of Russia's utilities by widening the painful gap between international and domestic energy prices. President Putin's economic advisor Andrei Illarionov has publicly described the negative effects of high oil prices within Russia on more than one occasion: "A low oil price, as it turns out, is a blessing for the Russian economy, stimulating industrial growth and creating jobs," he wrote in a major article for a Moscow newspaper in 2001.⁶² Israel actually has a new role in facilitating Russian oil exports through the Middle East; reversing the flow in the underutilized Trans-Israel Pipeline (Tipline) – which flows between Israeli ports in the Mediterranean Sea and the Red Sea – allows Russia to ship oil from the Black Sea to Asia without using the Suez Canal (uneconomical due to size restrictions) or sending tankers around Africa (expensive and time-consuming).

⁶¹ Steven Lee Myers, "Putin Says U.S. Faces Big Risks in Effort in Iraq," *The New York Times*, October 6, 2003.

⁶² Andrei Illarionov, "Economic Policy vs. Oil Prices," *The Moscow Times*, December 6, 2001

Russia's environmental constraints also shape its perspective on oil production. Because of the harsh climate in Siberia and the Far East, Russia's main oil regions, oil wells cannot be readily shut down when prices are low. As a result, Russian oil companies have substantially less flexibility than many of their competitors in adjusting production to fluctuating global market conditions.

More narrowly, Moscow has a special interest in maintaining its presence in Iraq's oil sector after the removal of Saddam Hussein's regime. Russian oil firms were the leading beneficiaries of the United Nations' oil-for-food program and – based primarily on those transactions – Russia and Iraq had \$4 billion in bilateral trade in 2002.⁶³ Of course, Russian energy companies also had a variety of contracts with Baghdad that had been essentially shelved pending the lifting of UN sanctions; Iraq cancelled the most substantial of these, a \$6.5 billion production sharing agreement with a consortium led by Lukoil to develop the West Qurna oil field, in retaliation against the Kremlin's support of Security Council Resolution 1441. Lukoil remains committed to discussing the project as soon as possible with Iraq's eventual government and other Russian firms are eagerly working to ensure that their own contracts remain valid.

Russia's second major economic interest in the Middle East proper is in arms sales. The region includes some of the Soviet Union's top arms customers, including Algeria, Egypt, the UAE, and Yemen, and Moscow is eager to keep as many of them as possible as clients. Since the end of the Cold War, however, Russia's arms deals have shifted from their then predominantly political rationale to a decidedly commercial basis; Moscow's modern weapons are now usually available for cash only. This was long a major obstacle to the arms trade with Syria, with which Russia had on-again, off-again agreements for the repayment of some \$7-11 billion in arms debts to the USSR throughout the 1990s. (Saddam Hussein's Iraq had likewise stalled discussions on \$8 billion in debt of similar provenance that has yet to be paid.) Nevertheless, Damascus did order 1,000 Metis-M and Kornet-E anti-tank missiles for \$138 million in 1998 (provoking U.S. sanctions against the Russian firms)⁶⁴ and Sukhoi fighter jets and repair services estimated at \$100-\$125 million in 2002. Russia supplied Yemen with six MiG-29 fighters and other weapons valued at \$200-\$300 million in 2002.⁶⁵ Alleged sales of global positioning system (GPS) jamming equipment, Kornet anti-tank missiles and night vision gear to Baghdad aroused great U.S. concern during the 2003 war in Iraq. Although the volume of arms sales has declined substantially since the Soviet period, and despite failed attempts to expand sales to traditional American customers in the Persian Gulf, Russian arms officials continue to express high hopes about the Middle East market.

⁶³ Peter Baker, "Russia, Iraq Plan Economic Deal to Bolster Ties; Moscow's Aid Sought on Energy, Infrastructure; Pact May Complicate U.S. Action Against Baghdad," *The Washington Post*, August 18, 2002.

⁶⁴ Oksana Antonenko, "Russia's Military Involvement in the Middle East," *Middle East Review of International Affairs*, Vol. 5, No. 1, March 2001.

⁶⁵ Mark A. Smith, *Russia and the Middle East*, Conflict Studies Research Center, Defense Academy of the United Kingdom, September 2002

In addition to arms sales, Moscow has been looking energetically for contracts to maintain and upgrade aging tanks and other weapons originally obtained from the Soviet Union. Explaining that “we have been rather passive in the market for modernizing Soviet-era military hardware,” Aleksandr Nozdrachev, head of the government’s conventional weapons sales agency, recently said that Russia will “increase markedly our share in this market.”⁶⁶ Russia’s main competitor in this field is Ukraine, though Russian and Ukrainian arms firms joined forces to pursue deals in early 2003.⁶⁷ Interestingly, Israeli arms companies (which have had access to a considerable amount of captured Soviet military hardware over the years) are also working with Russian firms to upgrade new Russian aircraft with Israeli electronics for export outside the region.⁶⁸

In fact, Israel is Russia’s leading economic partner in the narrowly-defined Middle East, with bilateral trade estimated at \$800 million in 2001.⁶⁹ This is in part an outgrowth of the substantial migration of Russian (and Ukrainian) Jews to Israel after the collapse of the Soviet Union – something that has also had important political consequences, both for Israel and for the Russian-Israeli relationship. Egypt is also an important market for Russia; trade between the two countries now totals \$600 million.⁷⁰ Notwithstanding Russia’s long contacts with Iraq and Syria, trade totals with the two countries stood at \$252 million and \$163 million in 2002.⁷¹

Political Interests

Moscow’s has two principal political interests in the outermost arc of states in the greater Middle East. The first of these is to avoid angering Islamic extremists in the region in order to limit the possible sources of external support for radicals in Chechnya, elsewhere in Russia, and in Russia’s neighborhood. This is perhaps most visible in Moscow’s support for the Palestinian Authority, and for Yasser Arafat specifically, in the Middle East peace process. President Putin singled out Arafat in a June 2003 news conference, saying “...we still think the role and significance of Chairman Arafat in the peace process cannot be neglected. He is an important man and quite a few people in the region follow him. I think that neglecting this factor would be erroneous.”⁷² Of course, from a pragmatic perspective, Russian officials may also feel most comfortable with Arafat, with whom Moscow’s diplomatic corps has had a long relationship.

⁶⁶ “Russia to seek bigger share of Soviet-era arms modernization market,” *Agence France Presse*, March 5, 2003.

⁶⁷ “Ukraine, Russia agree to work on foreign arms markets together,” *Inter TV*, via *BBC Monitoring*, February 12, 2003.

⁶⁸ Antonenko.

⁶⁹ “Sharon heads for talks with Russian leaders,” *Agence France Presse*, September 29, 2002.

⁷⁰ “Egyptian business people to discuss joint projects in Russia,” *ITAR-TASS*, January 22, 2003.

⁷¹ Dmitry Venitski and Maria Pshenichnikova, “Syrian vice-president coming to Russia to discuss cooperation,” *ITAR-TASS*, January 14, 2003, and Andrew Jack and Rafael Behr, “Russian business feels the pinch as trade with Iraq halts,” *Financial Times*, April 8, 2003

⁷² “Russian, U.S. positions on Mideast settlement mainly coincide,” *Interfax*, June 20, 2003.

Russian leaders also make a point of attempting to engage key Arab states like Egypt and Syria, though they have much less to offer, not only in weapons, but also in investment, than in Soviet times. However, despite these efforts, Moscow is increasingly empathetic with regard to Israel's plight for a variety of reasons. Most notable is the fact that immigrants from the former USSR – especially Russia and Ukraine – now comprise some 15% of Israel's population. This has contributed to political, societal and commercial contacts between the two countries. At the same time, the two governments share many common interests, including not only fighting extremist Islamist terrorism, but also fighting off European criticism of the means they use in doing so. Thus, while Russia continues to express rhetorical support for the Palestinian position, it has noticeably curtailed criticism of Israel.

The Russian government's other major political interest in the region is to ensure that it has a role in the region and that the United States does not entirely dominate developments there. Russian Foreign Minister Igor Ivanov has expressed this sentiment repeatedly, often saying that his country "is against any monopoly right or role" vis-à-vis the peace process.⁷³ Russia's participation in the Quartet, which also includes the U.S., the European Union, and the United Nations, is important in this context through its legitimization of the country's role in the Middle East.

Moscow's insistence that the United Nations Security Council authorize war against Iraq – and its subsequent criticism of U.S. action without the Security Council's blessing – also grew in part from the Kremlin's desire to ensure that Russia had a role in important decisions in the region (and elsewhere in the world). Similarly, Russia has sought an important role for the United Nations in Iraq's reconstruction. In addition to its potential practical benefits, for example, in contributing to defining Iraq's post-Saddam political order, this has substantial political significance in that it allows President Putin to demonstrate that Russia has "arrived" under his leadership and is now acknowledged as a major player.

⁷³ For example, see "Ivanov calls for stepping up dialogue on Syrian, Lebanese tracks," *ITAR-TASS*, July 16, 2003.

CHAPTER 3: **IMPROVING U.S.-RUSSIAN COOPERATION**

The evolution of the U.S.-Russian relationship since the September 11 attacks has created new opportunities for cooperation in the greater Middle East. This has occurred as a result of both changes in the relationship – which, despite differences over Iraq and other issues, is in one of its most constructive periods since Russian independence – and changes in each government’s assessment of its interests in the region. At present, no important American or Russian interests in the greater Middle East are fundamentally incompatible.

This does not mean that American and Russian interests are identical; Washington and Moscow have serious differences on a broad range of issues in the region, including Iraq and Iran. Yet, even on the more difficult matters, like Iran’s nuclear reactor at Bushehr, one can imagine workable arrangements that would meet each government’s objectives. Furthermore, where U.S. and Russian interests compete, as in the disposition of Iraq’s oil contracts, the stakes are admittedly high – especially for Moscow – but are not vital. Broader competition for political influence in the region is also manageable within the context of an improving bilateral U.S.-Russian relationship.

In fact, many U.S.-Russian differences in the greater Middle East are differences on means rather than ends. For example, both America and Russia want to prevent Iran from obtaining nuclear weapons, resolve the Israeli-Palestinian dispute in a manner that guarantees Israel’s secure survival, and bring stability to Iraq and Afghanistan. Where they disagree is over what pressure to apply to Iran and Israel, how to manage Iraq’s transition, and who should run Afghanistan. All of these are demanding but potentially soluble issues.

The Challenges

There are a number of obstacles to cooperation between the United States and Russia in the greater Middle East. These include enduring nostalgia and suspicion, Russia’s weak central government, and domestic politics in both countries.

Nostalgia and Suspicion

The United States is a relative newcomer to the greater Middle East; Russia is not. Russian nostalgia and suspicion are perhaps the principal obstacles to cooperation in the Caucasus and Central Asia, where Russia’s most substantial interests – and its most substantial psychological complexes – are at stake. This has recently been evident in Georgia, where American efforts to increase Georgia’s capacity to secure its border with Chechnya through a military training and equipment program provoked concern in Moscow. The U.S. effort – intended to help Russia by clearing Chechen rebels from Georgia’s Pankisi Gorge, forcing their return to Chechnya, and preventing new border

crossings – was initially misinterpreted by the Kremlin, which reacted with surprise and annoyance. Though President Putin overruled concerns of the military establishment opposed to an American military presence in Central Asia following September 11, doubts about Washington's long-term intentions in that area and their impact on Russian ambitions remain a problem.

The line between Russian interests and influence in what is a strategically important region for Moscow, on one hand, and nostalgia for its former empire, on the other, is a fine one and its precise location is to no small degree in the eye of the beholder. Russia has legitimate interests in the Caucasus and Central Asia; despite the sharp decline in its absolute power, Russia has substantial relative power (military, political, economic and cultural) vis-à-vis the countries along its southern frontier. Thus, few should be surprised that not only Russia should attempt to use its power to advance its interests in the region, but also that many in the region will accommodate Moscow when their own vital interests are not at risk. Problems arise, however, when the Kremlin uses its leverage inappropriately (e.g., in the internal politics of another country), or, alternatively, if Russian influence reaches the point at which it could undermine the independence of a given state.

The United States has a continuing interest in ensuring the independence of former Soviet states in the Caucasus and Central Asia but should also draw its own difficult-to-locate line between supporting independence from Moscow and promoting resistance to it. So long as the U.S.-Russian relationship serves important American interests, and has practical benefit, Washington should confine its activities to the former of these objectives. Russia's neighborhood is much more important to Russians than to Americans and irritating Moscow needlessly undermines the bilateral relationship – and does a disservice to the other states involved, which are ultimately likely to accommodate Russia at a higher cost to their own interests. U.S. actions to discourage Azerbaijan and Uzbekistan from leaving GUUAM, for example, fuel Russian suspicions and complicate other potentially beneficial joint efforts without advancing any American interests that could not be met through other means. Establishing a clearer hierarchy of American interests, and articulating it, could help to mitigate some Russian suspicions. The reports of the Commission on America's National Interests and the Commissions on America's National Interests and Russia are a useful basis for developing this hierarchy.⁷⁴

Though Afghanistan is not a part of the former Soviet Union, some of this logic applies there as well due to Moscow's concerns about the possible further export of terrorism into the Central Asia, the Caucasus and Russia itself. More broadly, Russia and Afghanistan will need to live with one another in the coming years and decades in a manner that America and Afghanistan will not. The key issue for Washington is the stability and legitimacy of the Afghan government, not its precise composition.

⁷⁴ Commission on America's National Interests, *America's National Interests* (Washington, 1996 and 2000); Commission on America's National Interests and Russia, *Advancing American Interests in the U.S.-Russian Relationship* (Washington, 2003).

Regrettably, nostalgia and suspicion may reach their highest levels in precisely those Russian agencies most central to the U.S.-Russian security agenda in the greater Middle East. Russia's military and security services are especially prone to such views—and to interpreting unrelated or unintentional American actions as deliberate slights or hostile steps. This is likely to be a long-term problem, at least until the generation of officers trained and promoted in Soviet structures passes into retirement, but successful cooperative work and more careful American conduct can change some minds. The U.S. could also focus on creating “islands” of goodwill in the relationships between our military and intelligence establishments through targeted and intensified contacts involving smaller numbers of participants. Washington does not need to win over the entire Russian Army or the whole Federal Security Service.

Needless to say, Russian officials also have their own views about the consequences of American “nostalgia and suspicion.” For example, Senator John McCain's November 4, 2003 speech on the Senate floor decrying a “creeping coup against the forces of democracy and market capitalism in Russia” provoked a strong reaction from the Russian government.⁷⁵

Russia's Weak Government

Russia's weak government poses two problems. First, intra-governmental institutions are weak and – despite the overall size of the government – underdeveloped. As a result, the government's ability to coordinate policy and enforce central policy decisions is limited. Although the formal structures of the Russian government are analogous to America's executive branch, their functions are different; for example, notwithstanding its broader mandate, Russia's Security Council is much weaker than the U.S. National Security Council and is not able to ensure the implementation of Kremlin decisions by the ministries. Similarly, neither the Security Council nor the Presidential Administration is yet able to manage interagency decision-making through the formal processes well-known to American officials and observers. The result is that direct intervention by President Putin or his senior aides is often necessary for progress on important issues. But there are limits to what Mr. Putin and his inner circle can accomplish given the constraints on their own time and political capital.

Second, Russia's central government remains weak and often ineffective in ensuring compliance with Russian law. President Putin's efforts to strengthen the state have made a difference here, though some of the difference has been virtual (that is, a *perception* that the security services have become more active, successful and influential generated through demonstrative action) rather than real. This weakness has been a particular problem in dealing with Iran and with other proliferation and arms sales concerns; Russia's defense and nuclear establishments (governmental and private) have at times pursued their own independent objectives with limited supervision.

⁷⁵ See “McCain Decries ‘New Authoritarianism in Russia,’” at www.friendsofmccain.com.

Domestic Politics

Domestic politics is a challenge to U.S.-Russian cooperation in both the United States and Russia. Despite its positive and improving tone, the U.S.-Russian relationship remains underdeveloped in many respects and, as a result, has limited constituencies in both America and Russia. The bilateral relationship is therefore less stable and more subject to disruption when problems arise; there is no group of reliable advocates of cooperation similar to those in many of America's other important relationships.

This is a particular problem in Russia, where many were deeply disillusioned by the development of the U.S.-Russian relationship during the Clinton-Yeltsin years. Most or all of the goodwill America won at the end of the Cold War has dissipated; resentment and skepticism remain in its place due to persistent views that the United States either took advantage of Russia or deliberately weakened it. In an improving relationship, these sentiments can be overcome gradually through new positive experiences. If the U.S.-Russian relationship is disrupted, however, a long list of pre-existing grievances – NATO enlargement, Yugoslavia, anti-dumping measures, the Jackson-Vanik Amendment and more – may instantly re-appear on the negative side of the ledger in many Russians' minds.

Impending elections in both the United States and Russia will also complicate cooperation. Russia's parliamentary elections, scheduled for December 2003, have already circumscribed collaboration on Iraq; the Kremlin's vigorous opposition to the U.S. war there was in part an attempt to avoid allowing pro-government parties to be accused of excessive pro-American sentiment (particularly in view of French and German opposition to the war). These elections and Russia's presidential election in March 2004 will limit what the Putin government is able to do in the near term. The American presidential and congressional elections in November 2004 create their own constraints and preoccupations.

Finally, the Russian government's detention of Mikhail Khodorkovsky and other officials of the Yukos Oil Company, a clear case of the selective application of justice, may also limit U.S.-Russian cooperation by raising questions in the United States about President Putin's commitment to democracy and economic reform.

Dilemma of Democracy and Security

For understandable reasons of security, both Russia and the United States have supported authoritarian regimes in the greater Middle East, including the Caspian and Central Asia. For example, U.S. efforts to bring about a democratic government in Afghanistan still rely on access to military facilities in Uzbekistan, a country ruled by the autocrat, Islam Karimov. Karimov and other autocrats in the region have used the war on terrorism to justify harsh measures against their own opposition groups. The danger is that this may ultimately radicalize their groups and encourage greater terrorism. Both Russia and the United States would be advised to balance their support for such regimes with clear messages that more freedom is essential for long-term stability.

The Opportunities

Despite these challenges, the United States has opportunities to advance key interests in the greater Middle East through cooperation with Russia. The issues are difficult, and progress across-the-board is unlikely, but a focused American effort could reap important benefits both in the region and in the broader U.S.-Russian relationship.

The first step is to establish a comprehensive strategic dialogue with the Russian government on the greater Middle East region. It would be useful in that many or most of the important issues are interrelated and difficult to address in isolation. It would also be useful in countering Russian suspicion; a transparent and wide-ranging dialogue that treats the Kremlin as a player and clarifies American intentions could be reassuring to some Russian skeptics.

There are several formats for such a strategic dialogue. Two of the most logical are the U.S.-Russia Working Group on Counterterrorism, co-chaired by Deputy Secretary of State Richard Armitage and Russian First Deputy Foreign Minister Vyacheslav Trubnikov, which already includes discussion of many relevant issues, and the NATO-Russia Council, which is increasingly relevant as NATO assumes responsibility for the International Security Assistance Force (ISAF) in Afghanistan in its first “out of area” mission in the greater Middle East. A focused meeting between Presidents Bush and Putin could also advance such discussions.

Seven Opportunities

U.S.-Russian cooperation is possible in seven important and interrelated areas: terrorism, proliferation and Iran, the Israeli-Palestinian peace process, the aftermath of wars in Iraq and Afghanistan, drug trafficking, regional stability, and energy projects. Each of these areas impacts important and broadly similar American and Russian interests in the region; thus, cooperation is both mutually beneficial and feasible (with varying degrees of effort required).

Terrorism

U.S. and Russian terrorism concerns have different origins – the U.S. is preoccupied with Iraq, Afghanistan and Al Qaeda’s global reach and with terrorism against Israel, while Russia’s primary worry is its Chechen rebels – but the two countries still share many objectives, most significantly the desire to identify, disrupt and eventually destroy extremist Islamist terrorist groups that threaten their interests. Al Qaeda’s involvement in the war in Chechnya creates the greatest area of overlap; both Washington and Moscow are keen to see Osama bin Laden’s terrorist network eliminated and have already cooperated importantly to that end.

However, America and Russia also have an interest in battling several other specific extremist groups, such as Hizb-ut Tahrir (HT) and the Islamic Movement of Uzbekistan, which has been wounded but not permanently incapacitated. A formal Bush Administration designation of HT as a Foreign Terrorist Organization would be a constructive step toward advancing that goal. Evidence of HT's use of violent means to advance its goal of a transnational Islamic caliphate in the region remains ambiguous, but its trend is towards more violence. The group increasingly looks and sounds like a terrorist group and there is no reason to wait for it to begin to act like one: declaring the group a terrorist organization (which Moscow has already done) gives the U.S. government considerably more options in dealing with HT and can prevent what is already a large and well-organized entity from metastasizing into another terrorist cancer.

More broadly, the U.S. should continue to actively pursue counterterrorism cooperation in the region, with a special emphasis on improving intelligence-sharing. Expanding intelligence-sharing has not been easy; intelligence establishments in both countries have mutual suspicions, some of which are justified. Nevertheless, the potential benefits of expanded intelligence-sharing are significant and, in the war on terrorism, can be measured in innocent lives that are saved. Successful intelligence-sharing in this area would also facilitate similar efforts vis-à-vis proliferation and drug trafficking.

It is inherently difficult to assess U.S.-Russian intelligence-sharing efforts from the outside, but private conversations with U.S. and Russian officials alike suggest that neither government is satisfied with the *status quo*. Taking into account legitimate concerns about the security of sources and methods, it may be most appropriate to try small-scale experiments with a range of confidence-building measures and joint projects. For example, short-term exchanges of intelligence analysts – or some kind of “observer” status – could establish useful personal relationships and develop greater trust. Alternatively, careful step-wise increases in intelligence-sharing on narrow and less controversial topics – like unraveling HT's complex structure – might facilitate broader efforts.

Today, joint efforts to fight terrorism are generally confined to matters of significant mutual concern; neither government is yet prepared to take major steps that may not be reciprocated. However, if U.S.-Russian terrorism cooperation advances sufficiently, Washington and Moscow may be able to work together in other interesting ways. For example, the Kremlin may be able to help to reduce terrorism directed at Israel by pressing current and former allies. The U.S. could apply more attention and resources to isolating Chechnya's rebel groups from outside support, financial and otherwise. Joint work with some governments in the Caucasus and Central Asia could also be possible. Russian help on curbing the activities of Hezbollah, Hamas, and the Palestinian Islamic Jihad could be potentially helpful in putting pressure on Arab governments who have been loathe to crack down on these groups.

Proliferation and Iran

After the overthrow of Saddam Hussein's tyrannical regime in Iraq, America's overwhelming proliferation priority in the greater Middle East is Iran. And Iran may well be the focus of the thorniest dispute between the U.S. and Russia in the region, if not the world.

Nevertheless, many Russians – in and out of government – were shocked by the discovery of Iran's hidden nuclear infrastructure in late 2002 and the Kremlin's position seems to have moved somewhat closer to that of the Bush Administration. However, Moscow is still seeking to reconcile its security interest in preventing Iran from developing nuclear weapons with countervailing economic and political interests in finishing (and supplying) the nuclear power station at Bushehr, expanding other trade with Iran (including in high-tech conventional weapons), and maintaining a positive relationship with an important neighbor. This makes it unlikely that the Russian government will fully accommodate U.S. preferences, which have been to close down the Bushehr plant.

Shifting the focus away from Russia's assistance in building the Bushehr reactor – and onto Iran's obligations – would likely be constructive. It is a fact that Iran is permitted to develop a peaceful nuclear capability under the Non-Proliferation Treaty, and it is also a fact that Russia is permitted to help. Washington can and should take the position that it does not view Russia's help as a friendly act, but should also recognize that stopping Russia's work at Bushehr will not prevent Iran from completing the plant with other assistance, which would not be too difficult to obtain, or from pursuing its nuclear ambitions through alternate means.

Therefore, rather than pressing the Kremlin to abandon the Bushehr project, the Bush Administration should apply its energies to persuading the Russian government to withhold fuel shipments until Iran accepts tighter monitoring of its nuclear programs by signing the Additional Protocol to its safeguards agreement with the IAEA. Improved intelligence-sharing or some kind of joint threat evaluation (so long as it is clear that it does not restrict America's ability to take unilateral action if necessary) could help in this process if Washington is able to present solid evidence of other Iranian violations of NPT commitments.

Needless to say, America's fundamental problem with Iran (in addition to Tehran's support for terrorism directed at Israel) is the poor state of the U.S.-Iran relationship. This may in fact exacerbate U.S.-Russian problems over Iran, in that Iran's sense of insecurity vis-à-vis America and its partial economic isolation increases Moscow's significance for Tehran as a source of arms, technology and investment. Whether Russia could help with this problem – and would be willing to attempt to do so – is a more complex question.

Of course, Russia and Iran have cooperated significantly in the battle against Al Qaeda, the Taliban and their allies in Afghanistan and Tajikistan. Asking Moscow to

approach Tehran on the subject of Al Qaeda operatives known or suspected to be in Iran, something of some interest to Russia as well as the U.S., could be an interesting experiment. More boldly, Washington could try to work through Moscow, and with European support, to find a comprehensive solution to the Iran problem involving tight oversight of Iran's nuclear programs, an end to Iran's export of terror, and the lifting of U.S. sanctions against Iran and those who deal with it. In addition to addressing America's security interests, such an arrangement would satisfy Russian security and political interests.

Part of the problem is that if, with Russian help, Iran and the United States repair their relations and embarked on new cooperative ventures together, Russian interests could be put at risk. For instance, if the U.S. were willing to support energy projects, including pipelines from the Caspian that crossed Iran, Russia's control of Caspian energy could be diminished. If, *in extremis*, the U.S. were to resume an arms supply relationship with Iran or even help with the continuation of safeguarded nuclear energy facilities, such actions would, of course, undermine Russia's lucrative commercial relationship with Iran and would surely not be welcomed in Moscow. Moscow has perpetually complained that U.S. pressure on Russia to curtail its own technology exports to Iran is hypocritical given that, in a different political environment, the U.S. would enthusiastically move into the Iranian market.

The Arab-Israeli Conflict

Moscow's greatest contribution thus far to the peace process between Israel and the Palestinians has been its diminishing support for the Palestinian cause after the end of the Cold War. While Russian officials continue to express sympathy for Palestinian positions, their rhetoric is partially offset by occasional denunciations of terrorist attacks against Israeli civilians. The lack of a superpower sponsor has doubtless put increased pressure on Palestinian groups to find some kind of solution to their protracted dispute with Israel.⁷⁶

While any lasting solution to the Israeli-Palestinian conflict depends principally on the parties, the United States constructively can advance its own desire for a settlement by working cooperatively with Russia. Moscow's participation in the Quartet has thus far been generally constructive and helps to demonstrate to the Israelis, and particularly the Palestinians, that many of the world's major powers and the UN are behind the Road Map. This limits the alternatives available to both parties and facilitates a solution.

With some inducement, however, Moscow may be able to do more. Though Russia's leverage in the Middle East has declined by an order of magnitude since 1991, the Kremlin does continue to enjoy strong relationships with countries that are not predisposed to accepting American suggestions. Thus, as suggested above, Russia may be able to play a very positive role in the peace process by discouraging Iran, Syria and others from supporting Palestinian and other terrorist groups that are actively

⁷⁶ Ion Mihai Pacepa, "Arafat: The KGB's Man," *The Wall Street Journal*, September 22, 2003.

undermining the peace process. Moscow may also be persuaded to share useful intelligence on these groups. Needless to say, this level of cooperation would likely require American willingness to help to address Russian terrorism concerns.

Iraq and Afghanistan

Moscow's main stake in Iraq lies in legally ambiguous oil contracts negotiated with the previous regime. So long as the Kremlin remains interested in pursuing closer relations with Washington, Russia is likely to continue trying to patch up differences over Iraq and is unlikely to attempt to create problems for the United States there. This is especially true before the status of the oil contracts has been resolved. However, because of its opposition to the war, Russia is not likely to do much at all in Iraq outside the framework of the United Nations or other international institutions. One issue which will require Russian cooperation is rescheduling Iraq's huge debt to Russia, France, Saudi Arabia, and Kuwait, and several other Arab countries. Unless this problem is addressed in a cooperative spirit, Iraqi reconstruction efforts will be severely constrained. Russia clearly has an interest working with a new Iraqi government to resolve the debt problem and expand opportunities for more investment in the energy sector.

Unlike in Iraq, the United States and Russia have a bilateral institutional mechanism for cooperation in Afghanistan; the Armitage-Trubnikov working group focused strictly on that country before Washington and Moscow agreed to expand its mandate to counter-terrorism in 2002. Despite some mutual disappointments, the two sides have a short but generally positive history of collaboration on terrorism that can be a useful base for future efforts.

Russian military involvement would obviously be unwelcome in Afghanistan, at least outside the portions of the country formerly controlled by the Northern Alliance, so Moscow's ability to contribute directly to security in the country is limited. However, Russian intelligence – which was quite valuable during the war against the Taliban – does have ongoing utility to U.S. forces operating in the region as they track down remnants of Al Qaeda and the Taliban regime. With Washington expanding its own assets in the area, technological and otherwise, intelligence-sharing could be mutually fruitful for some time.

Now that NATO has assumed responsibility for ISAF, which provides security for Kabul and its environs, it could be constructive to expand discussions of counter-terrorism work and other security issues within the NATO-Russia Council. In addition to providing a non-UN, institutional format for multilateral consultations on Afghanistan involving Moscow, using the NATO-Russia Council could help to alleviate some of Russia's enduring anxieties about the Alliance, an objective with broader value – particularly at a time when the U.S. may move some of its European bases closer to Russia's borders.

Drug Trafficking

Further useful cooperation should also be possible in the area of drug trafficking, which is a major problem in Afghanistan and in Central Asia. Though the United States and Russia have repeatedly discussed these issues in the Armitage-Trubnikov working group, (the UN's Drug Control Program and other international organizations are also working on the problem), these efforts have not yet had sufficient impact. With some creativity, Washington and Moscow may be able to make a greater dent in the problem.

The United Nations and other international organizations have an important role in combating drug trafficking, but they are likely to be most effective in addressing the development-oriented aspects of the problem, such as finding alternative sources of income for Afghan opium poppy farmers. The United States can and should offer appropriate financial support to these programs, which are important to preventing Afghanistan's descent into chaos after the eventual withdrawal of international security forces.

The UN and international organizations are not equipped to track and interdict drug shipments through the region. However, the U.S. and Russia should focus their joint efforts on this aspect of the drug trafficking problem, as well as establishing more reliable border controls by providing direct support to interested regional governments. The combination of U.S. technical intelligence gathering capabilities and mobility with Russian "boots on the ground" in Tajikistan could make a great contribution to sealing the Afghan-Tajik border than it has thus far. Though joint work with Georgia, Uzbekistan, and Turkmenistan would likely be more difficult, the U.S. and Russia could certainly work together on the Afghan side of their borders – though Russia's contribution would likely be limited to intelligence. Kazakhstan and Azerbaijan would likely be open to trilateral counter-narcotics projects and to joint assistance in further securing their borders.

Needless to say, corruption will be a major obstacle to tackling the drug trade in the region, in that some officials and security personnel from every country in the region, including Russia, have likely been suborned by drug traffickers. As a result, it is virtually certain that some groups will receive advance warning of raids, gained information about border deployments, or find other means to circumvent attempts to curtail their activities. The U.S. must not only be sensitive to this challenge, but should try to meet it head-on by providing additional financial support to cooperative regional governments to establish highly-paid "clean" counter-drug units among border and other security forces. Washington may also want to consider encouraging Russia and other regional governments to rotate entire units to other duties to disrupt existing corrupt relationships to the maximum extent possible. Such discussions must obviously be conducted delicately and without criticism.

Regional Stability

Notwithstanding tension over America's and Russia's roles in the greater Middle East –and particularly in the southern tier of states of the former Soviet Union, Washington and Moscow have a common interest in political stability and economic development in the region.

Several states in the greater Middle East face the possibility of on-going or near-term leadership transitions – indeed, Georgia's Shevardnadze has already stepped down from power. Others have broader governance problems that can endanger their stability. This includes states such as Egypt and Uzbekistan, which have become more authoritarian in the name of fighting the war on terrorism; Iran, which is deeply divided internally over the question of continued clerical rule; and Saudi Arabia, which faces a combination of economic stagnation, social unrest and growing extremism. Still others are beset by ethnic or other divisions, like Afghanistan.

The Russian government would likely welcome broad bilateral discussions of stability in the region, including Central Asia and the Caucasus, and such discussions could play a useful role in clarifying U.S. interests, priorities and intentions. To be productive, however, such a dialogue should focus on identifying important areas in which coordinated policies could be possible and constructive rather than manufacturing bilateral disputes through predictably contentious conversations on secondary issues. In addressing Georgia, for example, exchanging perspectives on how to work together with Tbilisi in the war on terrorism has assumed new urgency with the departure of President Shevardnadze.

Energy

The Bush Administration's pragmatic approach to energy issues in the Caspian region –which avoids the Clinton Administration's misguided attempts to exclude Russia from some regional energy projects – has already changed the tone of energy-related discussions in the region. Several factors external to the region also facilitate new cooperation in the energy sector, including greater American interest in non-Middle Eastern Russian oil after September 11, Russian efforts to enter the U.S. market, and the establishment of a new U.S.-Russian Energy Dialogue by Presidents Bush and Putin in 2002.

Some degree of U.S.-Russian energy competition is inevitable in the greater Middle East, because oil and gas supplies and markets are limited, as are the number of commercially viable pipelines that can be constructed between them. For example, Washington has backed a possible gas pipeline from Turkmenistan through Afghanistan to Pakistan (and possibly India), while Moscow already engages in oil swaps through Iran. In many cases, however, projects may be structured in a manner that allows participation by both American and Russian companies; the largely successful Caspian Pipeline Consortium demonstrates the feasibility of such efforts.

As suggested earlier, Iraq will be an important test case for U.S.-Russian energy cooperation in the region in the near term, and the Kremlin and Russian firms will observe closely what happens to contracts signed during Saddam Hussein's regime. Administration officials have generally stressed that the fate of the contracts is in the hands of Iraq's eventual government. This has not reassured Russian officials, however, particularly as some lower-level U.S. representatives, like former U.S. oil executive Philip Carroll – selected to chair a commission advising Iraq's Ministry of Oil – have called the contracts into question by suggesting that their terms benefited Hussein and his political allies at the expense of the Iraqi people.⁷⁷ If Russia plays a constructive role in Security Council discussions of Iraq's future, the U.S. should be prepared to work with Baghdad and Moscow to find a solution to the contract issue on commercially appropriate terms.

The United States and Russia have no irreconcilable differences in the broader region of the greater Middle East. Taking into account the many common dangers Washington and Moscow face, there should be a strong impetus for continued and expanded dialogue and cooperative efforts to fight terrorism, drug trafficking, and proliferation. At the same time, joint efforts to promote regional stability, better governance, and energy cooperation should be pursued with realistic, rather than idealistic, expectations.

⁷⁷ Peter S. Goodman, "U.S. Adviser Says Iraq May Break With OPEC; Carroll Hints Nation Could Void Contracts," *The Washington Post*, May 17, 2003, p. E1.