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Russia: Background and U.S. Policy

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Summary

Over the last five years, Congress and the executive branch have closely monitored and responded to new developments in Russian policy. These developments include the following:

- increasingly authoritarian governance since Vladimir Putin's return to the presidential post in 2012;
- Russia's 2014 annexation of Ukraine's Crimea region and support of separatists in eastern Ukraine;
- violations of the Intermediate-Range Nuclear Forces (INF) Treaty;
- Moscow's intervention in Syria in support of Bashar al Asad's government;
- increased military activity in Europe; and
- cyber-related influence operations that, according to the U.S. intelligence community, have targeted the 2016 U.S. presidential election and countries in Europe.

In response, the United States has imposed economic and diplomatic sanctions related to Russia's actions in Ukraine and Syria, malicious cyber activity, and human rights violations. The United States also has led NATO in developing a new military posture in Central and Eastern Europe designed to reassure allies and deter aggression.

U.S. policymakers over the years have identified areas in which U.S. and Russian interests are or could be compatible. The United States and Russia have cooperated successfully on issues such as nuclear arms control and nonproliferation, support for military operations in Afghanistan, the Iranian and North Korean nuclear programs, the International Space Station, and the removal of chemical weapons from Syria. In addition, the United States and Russia have identified other areas of cooperation, such as countering terrorism, illicit narcotics, and piracy.

Like previous U.S. Administrations, President Donald J. Trump has sought to improve U.S.-Russian relations at the start of his tenure. In its first six months, the Trump Administration expressed an intention to pursue cooperation or dialogue with Russia on a range of pursuits (e.g., Syria, North Korea, cybersecurity). At initial meetings with President Putin in April and July 2017, Secretary of State Rex Tillerson and President Trump said they agreed to find ways to improve channels of communication and begin addressing issues dividing the two countries.

At the same time, the Administration has indicated that it intends to adhere to core international commitments and principles, as well as to retain sanctions on Russia. Secretary Tillerson has stated that Ukraine-related sanctions will remain in place "until Moscow reverses the actions that triggered" them. Secretary Tillerson and other officials also have noted the severity of Russian interference in the 2016 U.S. presidential election and the need for an appropriate response.

Since the start of the 115th Congress, many Members of Congress have actively engaged with the Administration on questions concerning U.S.-Russian relations. As of August 2017, Congress has held more than 20 hearings on matters directly relating to Russia, codified and strengthened sanctions through the Countering Russian Influence in Europe and Eurasia Act of 2017 (P.L. 115-44, Title II), and considered other measures to assess and respond to Russian interference in the 2016 elections, influence operations in Europe, INF Treaty violations, and illicit financial activities abroad.

This report provides background information on Russian politics, economics, and military issues. It discusses a number of key issues for Congress concerning Russia's foreign relations and the U.S.-Russian relationship.

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Political Structure and Developments

Russia, formally known as the Russian Federation, is the principal successor to the United States' former superpower rival, the Union of Soviet Socialist Republics (USSR, or Soviet Union). In its modern form, Russia came into being in December 1991, after its leaders joined those of neighboring Ukraine and Belarus to dissolve the USSR. From 1922 to 1991, Soviet Russia was the core of the USSR, established in the wake of the Bolshevik Revolution of 1917 and the civil war that followed. The USSR spanned much the same territory as the Russian Empire before it. Prior to the empire's establishment in 1721, Russian states had existed in various forms for centuries.

Today, Russia's multiethnic federal structure is inherited from the Soviet period and includes regions, republics, territories, and other subunits. The country's constitution provides for a strong presidency and central authority. The government is accountable to the president, not the legislature, and observers consider the presidential Administration rather than the Cabinet (headed by a prime minister) to be "the true locus of power."¹

Russia's president is Vladimir Putin, who has led the country as president (2000-2008, 2012-present) or prime minister (2008-2012) for more than 17 years (see "Vladimir Putin" text box, below). In recent years, opinion polls have reported increased levels of support for President Putin. Since the annexation of Ukraine's Crimea region in March 2014, he has consistently received approval from more than 80% of respondents in opinion polls.² This reported approval level is considerably higher than what Putin received in polls over the previous two years, when his approval rating was in the low 60s.

Russia's bicameral legislature is the Federal Assembly. The upper chamber, the Federation Council, has 170 deputies, two each from Russia's 83 regions and republics (including two major cities, Moscow and St. Petersburg) and four from Ukraine's occupied region of Crimea. These deputies are not directly elected but are chosen by regional executives and legislatures. The lower house, the State Duma, has 450 deputies, half of which are elected by proportional representation and half of which are in single-member districts. The State Duma also includes members from occupied Crimea: four from majoritarian districts and another four from party lists.³

The judiciary is the least developed of Russia's three branches. Courts are widely perceived to be subject to manipulation and control by government officials. The Supreme Court is the highest

Russia: Basic Facts

Land Area: 6.3 million square miles, about 1.8 times the size of the United States.

Population: 142.4 million (mid-2016 est.).

Administrative Divisions: 83 administrative subdivisions, including 21 ethnic-based republics and the cities of Moscow and St. Petersburg. Russian law considers Ukraine's occupied region of Crimea and the Crimean city of Sevastopol to be additional administrative subdivisions.

Ethnicity: Russian 77.7%; Tatar 3.7%; Ukrainian 1.4%; Bashkir 1.1%; Chuvash 1.0%; Chechen 1.0%; Other 10.2%; Unspecified 3.9% (2010 census).

Gross Domestic Product: \$1.268 trillion (2016 est.); \$26,100 per capita (purchasing power parity) (2016 est.).

Political Leaders: President: Vladimir Putin; Prime Minister: Dmitry Medvedev; Speaker of the State Duma: Vyacheslav Volodin; Speaker of the Federation Council: Valentina Matviyenko; Foreign Minister: Sergei Lavrov; Defense Minister: Sergei Shoigu.

Source: *CIA World Factbook*.

¹ Karen Dawisha, *Putin's Kleptocracy: Who Owns Russia?* (New York, NY: Simon and Schuster, 2014), p. 2.

² Ratings over time are available from the Levada Center at <http://www.levada.ru/en/>.

³ See U.S. Department of the Treasury, "Treasury Sanctions Individuals for Activities Related to Russia's Occupation of Crimea," November 14, 2016, at <https://www.treasury.gov/press-center/press-releases/Pages/j10609.aspx>.

appellate body. The Constitutional Court rules on the legality and constitutionality of governmental acts and on disputes between branches of government or federative entities. A 2015 law gives the Constitutional Court the legal authority to disregard verdicts by interstate bodies that defend human rights and freedoms, if the court concludes that such verdicts contradict Russia's constitution (although the latter requires compliance of rules established by international treaties over domestic law).⁴ A Supreme Commercial Court, which handled commercial disputes and was viewed by experts as relatively impartial, was dissolved in September 2014, with its areas of jurisdiction transferred to the Supreme Court; lower-level commercial courts continue to function.

Figure 1. Map of Russia



Sources: Graphic produced by the Congressional Research Service (CRS). Map information generated by Hannah Fischer using data from the Department of State (2015) and Esri, a geographic data company (2014).

Democracy and Human Rights

Under Putin's rule, Russia has experienced a steady decline in its democratic credentials. At the start of the 2000s, the U.S. government-funded nongovernmental organization (NGO) Freedom House classified Russia as a "hybrid" regime, with democratic and authoritarian elements. By the

⁴ Many observers believe that the intent of this law was to enable Russia to ignore rulings by the European Court of Human Rights (ECHR), which Russia joined in 1996. Carl Schreck, "Russian Law On Rejecting Human Rights Courts Violates Constitution, Experts Say," RFE/RL, December 16, 2015, at <https://www.rferl.org/a/russian-law-on-rejecting-human-rights-courts-violates-constitution-experts-say/27432125.html>; Library of Congress Law Library, "Russian Federation: Constitutional Court Allows Country to Ignore ECHR Rulings," May 18, 2016, at <http://www.loc.gov/law/foreign-news/article/russian-federation-constitutional-court-allows-country-to-ignore-echr-rulings/>.

end of Putin's second term in 2008, Freedom House considered Russia to be a consolidated authoritarian regime. This status continued during the tenure of Putin's handpicked successor for one term, Dmitry Medvedev, despite some signs of liberalization. Since Putin's return to the presidency in 2012, Freedom House has noted a new rise in authoritarian governance in Russia. In its 2016 annual report, Freedom House assigned Russia the same "freedom rating" it gave to China, Yemen, Cuba, and the Democratic Republic of Congo.⁵

Vladimir Putin

After more than 15 years in the Soviet Union's Committee for State Security (the KGB), Vladimir Putin held a variety of governmental positions from 1990 to 1998, first in the local government of St. Petersburg (his native city) and then in Moscow. In 1998, Russian President Boris Yeltsin appointed Putin head of the Federal Security Service (FSB), a successor agency to the KGB, and prime minister a year later, in August 1999.

Yeltsin unexpectedly resigned on New Year's Eve, 1999, and Putin became acting president. He was elected president in March 2000, with 53% of the vote. Putin served eight years as president before stepping down in 2008, in compliance with constitutional limits on successive terms. His successor was Dmitry Medvedev, a trusted former presidential chief of staff, deputy prime minister, and board chairperson of the state-controlled energy company Gazprom. As prime minister from 2008 to 2012, Putin continued to govern Russia in tandem with Medvedev, who remained informally subordinate to Putin.

In September 2011, Medvedev announced that he would not run for reelection, paving the way for Putin to return to the presidency. In exchange, Medvedev was to become prime minister. Putin's return to the presidency had always been plausible, but the announcement was met with some public discontent, particularly in Moscow. A series of protests followed the December 2011 parliamentary elections, which domestic and international observers considered to be marred by fraud and other violations. In March 2012, Putin won the presidency. His current term extends to 2018 (as president, Medvedev extended the next presidential term to six years). Putin has not confirmed if he is planning to run for reelection, although many observers believe he plans to do so.

Russia's authoritarian consolidation has involved a wide array of nondemocratic practices and human rights violations. The U.S. Department of State's most recent human rights report notes that the Russian government has "increasingly instituted a range of measures ... to harass, discredit, prosecute, imprison, detain, fine, and suppress individuals and organizations critical of the government." The report also notes the "lack of due process in politically motivated cases."⁶

According to the human rights report, Russian NGOs have been "stymied" and "stigmatize[d]," including through a 2012 law that requires foreign-funded organizations that engage in activity seeking to affect policymaking (loosely defined) to register and identify as "foreign agents." In addition, a 2015 law enables the government to identify as "undesirable" foreign organizations engaged in activities that allegedly threaten Russia's constitutional order, defense capability, or state security, and to close their local offices and bar Russians from working with them.⁷

⁵ Freedom House scores post-Communist states on an index of "democratic progress," which includes seven different categories of governance and ranges between 1 (most democratic) and 7 (least democratic). States that receive a "Democracy Score" between 4 and 5 are considered "transitional governments or hybrid regimes"; between 5 and 6, "semi-consolidated authoritarian regimes"; and between 6 and 7, "consolidated authoritarian regimes." Russia's Democracy Score has gone from a 4.88 in 2001 to a 6.57 in 2017. In addition, Freedom House ranks all countries in the world on a "freedom" scale, which includes measures of political rights and civil liberties; Russia's 2017 "freedom rating" is 6.5 out of 7 (not free). Annual scores reflect the state of affairs at the start of the year. See the annual reports for Russia in Freedom House, *Nations in Transit*, at <https://freedomhouse.org/report/nations-transit/nations-transit-2017>, and Freedom House, *Freedom in the World 2017*, at <https://freedomhouse.org/report/freedom-world/freedom-world-2017>.

⁶ U.S. Department of State, *Country Reports on Human Rights Practices for 2016: Russia*, at <http://www.state.gov/j/drl/rls/hrrpt/humanrightsreport/index.htm?year=2016&dliid=265466>.

⁷ For background, see International Center for Not-for-Profit Law, "Civic Freedom Monitor: Russia," at <http://www.icnl.org/research/monitor/russia.html>.

As of the start of August 2017, 88 NGOs are classified as foreign agents (of these, 7 have been added since the start of the year).⁸ In 2014, Russia's main domestic election-monitoring organization, Golos, was the first organization to be so classified. Just before the September 2016 Duma election, a well-known polling organization, the Levada Center, also was branded a foreign agent; in October 2016, a prominent human rights group, Memorial, was so labeled, as well.

Eleven organizations or their subsidiaries have been barred from Russia for "undesirable" activity. In 2015-2016, barred organizations included the National Endowment for Democracy, Open Society Foundations (including the Open Society Institute Assistance Foundations), U.S.-Russia Foundation for Economic Advancement and the Rule of Law, National Democratic Institute, International Republican Institute, and Media Development Investment Fund. In April 2017, three allegedly foreign-registered affiliates of the NGO and civic movement Open Russia were added to the list; Open Russia was founded by former oil magnate Mikhail Khodorkovsky, who served 10 years in prison on charges deemed by the opposition and most observers to be politically motivated. In June 2017, the German Marshall Fund's Black Sea Trust for Regional Cooperation also was barred.⁹

Russian law also limits freedom of assembly and expression. Public demonstrations require official approval, and police have broken up protests by force. The fine for participation in unsanctioned protests can be thousands of dollars; repeat offenders risk imprisonment. In 2016, new "antiterrorism" legislation (known as the Yarovaya Laws) hardened punishments for "extremism" (a crime that has been broadly interpreted to encompass antistate criticism on social media), required telecommunications providers to store data for six months, and imposed restrictions on locations of religious worship and proselytization.

A 2013 law restricts lesbian/gay/bisexual/transgender (LGBT) rights by prohibiting "propaganda" among minors (including in the media or on the Internet) that would encourage individuals to consider "non-traditional sexual relationships" as attractive or socially equivalent to "traditional" sexual relationships. In June 2017, the European Court on Human Rights ruled that the law is discriminatory and violates freedom of expression.¹⁰

These laws and related discriminatory actions have impacted religious and sexual minorities. In April 2017, for example, Russia's Supreme Court upheld a March order of the Justice Ministry banning the operations of Jehovah's Witnesses in Russia for what it ruled to be "extremist" activity. Since then, Jehovah's Witnesses have reported increased harassment and violence. The Supreme Court rejected an appeal by the organization in July 2017.¹¹

Also in April 2017, Russian media reported that local authorities in Chechnya, a majority-Muslim republic in Russia's North Caucasus, had rounded up more than 100 men on the basis of their

⁸ The list of organizations currently classified as "foreign agents" is available on the website of the Russian Ministry of Justice (at <http://unro.minjust.ru/NKOForeignAgent.aspx>). Some organizations classified as foreign agents have been declassified after the government determined that these organizations no longer receive foreign funding, and others have shut down. In February 2017, Human Rights Watch noted that 158 organizations had been classified at some point as foreign agents. Human Rights Watch, "Russia: Government vs. Rights Groups," February 6, 2017, at <https://www.hrw.org/russia-government-against-rights-groups-battle-chronicle>.

⁹ The list of organizations classified as "undesirable" is available on the website of the Russian Ministry of Justice at <http://minjust.ru/ru/activity/nko/unwanted>.

¹⁰ Sewell Chan, "Russia's 'Gay Propaganda' Laws Are Illegal, European Court Rules," *New York Times*, June 20, 2017, at <https://www.nytimes.com/2017/06/20/world/europe/russia-gay-propaganda.html>.

¹¹ Jason Le Miere, "Jehovah's Witnesses Ban Appeal Rejected by Russia's Supreme Court, Allowing Government to Seize Worship Halls," *Newsweek*, July 17, 2017, at <http://www.newsweek.com/jehovahs-witnesses-russia-ban-appeal-637816>.

suspected homosexuality.¹² Reports indicate that detained individuals were beaten and tortured and that at least three died as a result of the roundup (including two reportedly killed by relatives after their release from detention).¹³ Putin's presidential spokesperson Dmitry Peskov said that the government had no information concerning the allegations, and the local administration's press secretary denied the reports.¹⁴ In May 2017, Putin said that he would speak to Russia's prosecutor-general and minister of internal affairs "concerning the rumors" about the detentions, but it is unclear what, if any, subsequent measures the government took.¹⁵

Over the years, a number of opposition-minded or critical Russian journalists, human rights activists, politicians, whistleblowers, and others, including opposition politician Boris Nemtsov in 2015, have been reported murdered or have died under mysterious circumstances.¹⁶ Although those who commit crimes are often prosecuted, suspicions frequently exist that such crimes are ordered by individuals who remain free.¹⁷

Corruption

Observers contend that Russia suffers from high levels of corruption. The U.S. State Department's 2016 Human Rights Report notes that corruption in Russia is "widespread throughout the executive branch ... as well as in the legislative and judicial branches at all levels of government. Its manifestations [include] bribery of officials, misuse of budgetary resources, theft of government property, kickbacks in the procurement process, extortion, and improper use of [one's] official position to secure personal profits." Transparency International (TI), a nongovernmental organization (NGO), ranks Russia 131 out of 176 countries on its 2016 Corruption Perception Index, similar to Kazakhstan, Iran, Nepal, and Ukraine (though Russia's TI ranking has improved over time; in 2010, the country ranked 154 out of 178).

Many Russians share these perceptions of corruption. In a February 2016 poll by the Russia-based Levada Center, 76% of respondents said that Russian state organs were either significantly or wholly affected by corruption. Of respondents who engaged in activities such as vehicle registration and licensing, hospital stays, university admissions, and funerals, 15%-30% reported having paid a bribe (as did nearly half of those who reported being detained by traffic police). Estimates of bribe amounts vary. In December 2015, Russia's Ministry of Internal Affairs reported that the average amount of a bribe in criminal cases was around \$2,500. In September 2016, a domestic NGO, Clean Hands,

¹² Human Rights Watch, *They Have Long Arms and They Can Find Me: Anti-Gay Purge by Local Authorities in Russia's Chechen Republic*, May 2017, at <https://www.hrw.org/node/304090/>; Masha Gessen, "The Gay Men Who Fled Chechnya's Purge," *New Yorker*, July 3, 2017. The original reports (in Russian) are Elena Milashina, "Honor Killing," *Novaya Gazeta*, April 1, 2017, at <https://www.novayagazeta.ru/articles/2017/04/01/71983-ubiystvo-chesti>, and Elena Milashina and Irina Gordienko, "Violence Against Chechen Gays," *Novaya Gazeta*, April 4, 2017, at <https://www.novayagazeta.ru/articles/2017/04/04/72027-raspravny-nad-chechenskimi-geyami-publikuem-svidetelstva>.

¹³ Human Rights Watch, *They Have Long Arms and They Can Find Me*, p. 15.

¹⁴ The press secretary also reportedly told a Russian journalist that there were no homosexuals in Chechnya and, even if there were, these individuals probably would be killed by their own relatives. Tanya Lokshina, "Anti-LGBT Violence in Chechnya," April 4, 2017.

¹⁵ TASS Russian News Agency, "Putin Vows to Discuss Gay Rights Issue in North Caucasus with Prosecutor General," May 5, 2017, at <http://tass.com/politics/944803>.

¹⁶ For example, the Committee to Protect Journalists cites cases of 38 murdered journalists from 1993 to 2017 (including 24 since Putin was elected president), at <https://cpj.org/killed/europe/russia/murder.php>. In January 2017, Representative Marcy Kaptur included for the *Congressional Record* (January 12, 2017, H399-H400) a list of 33 journalists killed in Russia since Putin came to power.

¹⁷ Some critics and opponents of the Russian government also are said to have become victims of other measures, such as poisoning. In February 2017, opposition figure Vladimir Kara-Murza, who lives part-time in the United States, fell seriously ill for the second time in two years while visiting Moscow and had to be placed in an induced coma. Kara-Murza is a frequent visitor to Congress and campaigned in favor of U.S. sanctions on Russian officials. Several Members of Congress issued statements of support for Kara-Murza after learning of his illness. Carl Schreck, "'Poisoned' Kremlin Critic Vladimir Kara-Murza: What You Need to Know," RFE/RL, February 8, 2017, at <http://www.rferl.org/a/explainer-russia-kara-murza-kremlin-critic-poisoned/28298062.html>.

calculated the average reported bribe to be around five times that amount.

Government officials are occasionally arrested for bribery or compelled to resign from their posts. In 2016, cases included a regional governor who was once an opposition figure, the mayor of Russia's Pacific port city Vladivostok, an Interior Ministry anticorruption official, and the head of the Federal Customs Service. Although observers often presume there may be grounds for arrest or dismissal, these cases tend not to be interpreted as elements of a serious anticorruption campaign but rather as manifestations of political and economic infighting or as a way to remove ineffective or troublesome politicians.

Few of Russia's most senior officials are arrested or dismissed for corruption. On the contrary, many observers, including within the U.S. government, believe that Putin and several of his closest colleagues have amassed considerable wealth while in power. In a January 2016 interview, then-Acting Under Secretary of the Treasury for Terrorism and Financial Intelligence Adam Szubin said that "We've seen [President Putin] enriching his friends, his close allies and marginalizing those who he doesn't view as friends using state assets." Szubin also noted that Putin "supposedly draws a state salary of something like \$110,000 a year. That is not an accurate statement of the man's wealth, and he has longtime training and practices in terms of how to mask his actual wealth." Russian government officials reject all such claims.

Sources: U.S. Department of State, *Country Report on Human Rights Practices for 2016: Russia*; Transparency International, "Corruption Perceptions Index 2016"; Levada Center, "Impressions about the Scale of Corruption and Personal Experience," April 6, 2016 (in Russian); Ministry of Internal Affairs of the Russian Federation, "Today—the International Anti-Corruption Day," December 9, 2015; Association of Russian Lawyers for Human Rights, *Corruption in Russia: An Independent Annual Report of the All-Russian Anticorruption Social Organization Clean Hands*, September 21, 2016; BBC News, "Russia BBC Panorama: Kremlin Demands 'Putin Corruption' Proof," January 26, 2016.

Government Reshuffles

Many observers agree that Vladimir Putin is the most powerful person in Russia. However, Putin does not rule alone. For most of his tenure, he has presided over a complex network of officials and business leaders, many of whom are individuals Putin knew from his time in the Soviet KGB or when he worked in the St. Petersburg local government in the early 1990s.¹⁸ An influential leadership circle below Putin includes government officials, heads of strategic state-owned enterprises, and businesspersons. Since 2012, the Russian-based Minchenko Consulting group has produced a series of well-regarded studies that assess who, besides Putin, are the most influential figures in the Russian policymaking process.¹⁹ This list specifies 8 to 10 individuals who wield the greatest influence (see "Key Russian Officials Under Putin" text box), including some who do not hold official positions, as well as around 50 other key individuals in the security, political, economic, and administrative spheres.

¹⁸ For a thorough review, see Dawisha, *Putin's Kleptocracy*.

¹⁹ The most recent report is Minchenko Consulting, *Politburo 2.0: Dismantling or Reset?*, November 7, 2016 (in Russian), at http://www.minchenko.ru/analitika/analitika_61.html. Another prominent list of influential Russian elites counts Putin's chief of staff, Anton Vaino, and his deputy, Sergei Kiriyyenko, among the top 10 leading officials. Dmitry Orlov, "Russia's 100 Top Politicians in January 2017," *Nezavisimaya Gazeta*, February 3, 2017 (in Russian), at http://www.ng.ru/ideas/2017-02-01/5_6917_politics.html. Also see Nikolay Petrov, "Down the Funnel: Russia's Trajectory After 2014," *Russian Politics & Law* vol. 53, no. 4 (2015), pp. 18-22, and Brian Taylor, "Clans and Networks," *The Code of Putinism* (forthcoming publication).

Observers have noted some recent changes to this system of governance.²⁰ The first change is a reduction in influence of several of Putin's longtime senior associates, including Putin's former chief of staff (and former minister of defense), Sergei Ivanov, who was once pegged as a possible successor to Putin. Since 2014, four senior officials close to Putin have retired, and Ivanov and at least one other appear to have been demoted (see "Resignations or Demotions of Longtime Putin Colleagues" text box).

A related change is a steady rise in the number of senior officials who are at least a decade younger than Putin (aged 64) and have risen as Putin's subordinates more than as his colleagues. Prime Minister Dmitry Medvedev (aged 51) straddles this divide; he has worked with Putin since St. Petersburg and was Putin's handpicked successor to the presidency (2008-2012) after Putin's first two terms. Others have served Putin or Medvedev for several years and have gained relatively powerful positions.

Several other younger officials have emerged recently. They are generally seen as having no real power bases of their own and as entirely loyal to Putin. Some are bureaucrats who have replaced Putin's retiring colleagues. Observers also have noted the rapid rise of at least three younger officials who started their careers as members of the presidential security service (i.e., Putin's bodyguards) and have gone on to serve as regional governors; one is currently a deputy head of the Federal Security Service (FSB).²¹

In assessing the impact of these changes, a few considerations may be useful to keep in mind. First, there does not appear to be a single explanation for the declining influence of Putin's longtime colleagues. The most common factors that observers suggest are

Key Russian Officials Under Putin

Alexander Bortnikov: Director of the Federal Security Service (FSB)
Sergei Chemezov: Chief Executive Officer (CEO) of Rostec (hi-tech and defense state corporation)
Sergei Lavrov: Foreign Minister
Dmitry Medvedev: Prime Minister
Nikolay Patrushev: Secretary of the Security Council
Igor Sechin: CEO of Rosneft (state oil company)
Sergei Shoigu: Minister of Defense
Sergei Sobyenin: Mayor of Moscow
Vyacheslav Volodin: Chair of Parliament
Viktor Zolotov: Director of the National Guard
Notes: Chemezov, Medvedev, Patrushev, Sechin, Shoigu, and Sobyenin are listed by Minchenko Consulting (see footnote 19) as among Russia's eight most influential policymakers under Putin, together with businessmen Yuri Kovalchuk and Arkady Rotenberg.

Resignations or Demotions of Longtime Putin Colleagues

Vladimir Kozhin: Head of the Presidential Administrative Directorate (demoted May 2014)
Vladimir Yakunin: Head of the Russian Railways (resigned August 2015)
Viktor Ivanov: Head of the Federal Drug Control Service (retired May 2016; service dissolved)
General Yevgeny Murov: Head of the Federal Guard Service (a more powerful version of the U.S. Federal Protective Service and Secret Service) (retired May 2016)
Andrei Belyaninov: Head of the Federal Customs Service (resigned July 2016)
Sergei Ivanov: Presidential Chief of Staff (and former minister of defense) (demoted August 2016)
Note: Kozhin, Yakunin, V. Ivanov, Murov, and S. Ivanov are subject to U.S. Ukraine-related sanctions.

²⁰ For example, Anders Åslund, "Putin's Great Purge," *American Interest*, August 24, 2016, at <http://www.the-american-interest.com/2016/08/24/putins-great-purge>.

²¹ The three are deputy FSB head Yevgeny Zinichev, Governor of Tula region Aleksey Dyumin, and acting Governor of Yaroslavl region Dmitry Mironov. See, for example, Oleg Kashin, "How Do You Get to Be a Governor in Vladimir Putin's Russia?," *New York Times*, September 8, 2016, at <https://www.nytimes.com/2016/09/09/opinion/how-do-you-get-to-be-a-governor-in-vladimir-putins-russia.html>.

declining efficiency or increasing mismanagement.²² However, these factors are not evident in every case. Moreover, when they are relevant, the reasons behind them have varied, including corruption, age, and even bereavement (Sergei Ivanov recently lost his son to a drowning accident).

Second, the changes do not yet amount to a total turnover. Several of Putin's other longtime colleagues remain in positions of considerable power or influence (see "Longtime Putin Colleagues Still in Power" text box).

Third, this gradual "changing of the guard" is occurring against the backdrop of what observers characterize as frequently vicious struggles for wealth and influence among different power centers, but most often between the FSB (in particular, its Interior Security Department) and others: the Ministry of Internal Affairs, the Investigative Committee (a kind of Federal Bureau of Investigation), Chechen strongman Ramzan Kadyrov, and a more liberal (i.e., economically oriented) wing of the Russian government.²³ Considerable speculation has occurred that such rivalries on occasion lead to developments that Putin does not control. Potential examples include the February 2015 murder of opposition politician Boris Nemtsov, which was blamed on people close to Kadyrov, and the November 2016 arrest of Minister of Economic Development Alexey Ulyukaev, which observers suspect is linked to a rivalry with Rosneft CEO Igor Sechin, considered one of Russia's most influential policymakers.²⁴

Longtime Putin Colleagues Still in Power

Sergei Chemezov: CEO of Rostec, Russia's large state-owned military-industrial complex, who oversees scores of hi-tech and defense companies across the country.

Nikolay Patrushev: Chair of the National Security Council. Colleagues reportedly have referred to Patrushev as "Russia's most underestimated public figure." He is thought to have had considerable influence in shaping Russia's recent anti-Western foreign policy trajectory, including the annexation of Crimea.

Igor Sechin: CEO of Rosneft. Sechin has long been considered one of the most powerful officials in Russia, with not only influence over the state-owned oil sector but also unofficial ties to elements of the FSB. Last year, Sechin was subject to some speculation that he risked overstepping his bounds and losing power, but he ultimately appeared to strengthen his position at the expense of various rivals.

Viktor Zolotov: Head of the National Guard. Zolotov is considered to be singularly loyal to Putin. He now heads a new security apparatus that officially serves as a special police force to combat terrorism and organized crime but is widely considered to be Putin's "personal army" and, potentially, a repressive tool for fighting civil unrest.

Other Longtime Putin Colleagues Still in Power: Andrei Fursenko (Presidential Aide), German Gref (Sberbank), Dmitry Kozak (Deputy Prime Minister), Alexei Kudrin (Vice Chair, Presidential Economic Council), Alexei Miller (Gazprom), Sergei Naryshkin (Foreign Intelligence Service), Yevgeny Shkolov (Presidential Aide), and Nikolai Tokarev (Transneft). Some influential businessmen also are longtime colleagues of Putin: Arkady and Boris Rotenberg, Nikolai Shamalov, and Gennady Timchenko.

Notes: Chemezov is subject to U.S. and European Union (EU) Ukraine-related sanctions (as are Kozak, Naryshkin, and A. Rotenberg). Sechin is subject to U.S. Ukraine-related sanctions (as are Fursenko, B. Rotenberg, and

²² For example, Andrew Monaghan, "Putin's Removal of Ivanov as Chief of Staff Is More About Rejuvenation," Chatham House, August 15, 2016, at <https://www.chathamhouse.org/expert/comment/putins-removal-ivanov-chief-staff-more-about-rejuvenation>.

²³ For example, Karina Orlova, "The *Siloviki* Coup in Russia," *American Interest*, September 21, 2016, at <http://www.the-american-interest.com/2016/09/21/the-siloviki-coup-in-russia>.

²⁴ For example, Joshua Yaffa, "The Unaccountable Death of Boris Nemtsov," *New Yorker*, February 26, 2016, at <http://www.newyorker.com/news/news-desk/the-unaccountable-death-of-boris-nemtsov>, and Ilya Matveev, "The Big Game: Ulyukaev, Sechin and Russia's Neopatrimonial Privatisation," *OpenDemocracy Russia*, November 21, 2016, at <https://www.opendemocracy.net/od-russia/ilya-matveev/big-game-ulyukaev-sechin-and-russias-neopatrimonial-privatisation>.

Timchenko). Patrushev (and Shamalov) are subject to EU sanctions. In addition, Rostec is subject to U.S. (and, partially, EU) Ukraine-related sanctions and Rosneft is subject to U.S. and EU Ukraine-related sanctions.

September 2016 State Duma Elections

On September 18, 2016, Russians elected the State Duma, the lower house of parliament. Russia's last parliamentary elections, in December 2011, triggered a wave of protests against electoral fraud and heralded the rise of a revitalized opposition against Putin's government. Five years later, expectations of democratic change at the ballot box had subsided. With a voter turnout of 48%, the ruling United Russia (UR) party won a resounding victory, with more than 75% of the seats (as opposed to 53% in 2011). All other seats went to those considered *loyal* opposition parties and deputies. No parties genuinely in opposition (sometimes termed the *liberal* opposition) won any seats (see **Table 1**).²⁵

Table 1. Election Results to the State Duma, September 18, 2016

	Party List %	Party List Seats	Single-Member Seats	Total Seats	% of Seats
United Russia (UR)	54.2%	140	203	343	76.2%
Communist Party (KPRF) ^a	13.3%	35	7	42	9.3%
Liberal Democratic Party of Russia (LDPR) ^a	13.1%	34	5	39	8.7%
A Just Russia ^a	6.2%	16	7	23	5.1%
Other	11.2%	0	3	3	0.7%
Yabloko ^b	2.0%	0	0	0	0.0%
PARNAS ^b	0.7%	0	0	0	0.0%
Total	98%	225	225	450	100%

Source: Central Election Commission of the Russian Federation, at <http://www.vybory.izbirkom.ru>.

Notes: Total party list percentage is calculated out of the total number of valid and invalid ballots.

- The KPRF, LDPR, and A Just Russia parties are considered the *loyal* opposition parties. These parties criticize the government, if not Putin, but typically support its legislative initiatives.
- Yabloko and PARNAS are *liberal* opposition parties considered to be genuinely in opposition to the government. They fall under the "Other" category, which includes several small parties that did not meet the 5% threshold for party list representation.

The ruling UR party traditionally polls lower than Putin, who does not formally lead the party, but it appeared to benefit from a surge in patriotic sentiment unleashed by Russia's annexation of Crimea, Russia's so-called defense of pro-Russian populations in eastern Ukraine, and appeals for national solidarity in the face of Western sanctions and criticism.²⁶ UR also experienced a certain renewal in advance of elections; party primaries promoted the rise of many candidates new to national politics and eliminated a number of sitting deputies.²⁷

²⁵ For additional background, see CRS Insight IN10573, *Russia's Parliamentary Elections*, by Cory Welt.

²⁶ Denis Volkov, "How Long Will It Be Before 2011-2012 Style Mass Protests Reemerge?," *Intersection*, September 8, 2016, at <http://intersectionproject.eu/article/society/how-long-will-it-be-2011-2012-style-mass-protests-reemerge>.

²⁷ Darrell Slider and Nikolai Petrov, "United Russia's 'Primaries': A Preview of the Duma Elections?," *Russian* (continued...)

At the same time, the Russian government took measures after the last election to bolster the victory of UR and minimize opposition gains across the country.²⁸ Fourteen parties that received at least 3% of the vote in the last election or held at least one seat in a regional council competed in the 2016 election. Other parties technically could register after collecting 200,000 signatures, but no such registrations were approved. In addition, state-controlled media and government officials subjected opposition leaders to a barrage of negative publicity, branding them as agents of the West.²⁹ Restrictions on mass demonstrations tightened. A centrally controlled redistricting process led to the carving up of urban centers that leaned toward the opposition. Finally, the election date was moved up from December 2016, considerably shortening the campaign period.³⁰

UR also benefited from a change in electoral rules restoring a mixed electoral system that had been in place through 2003 parliamentary elections. UR's financial and administrative resources across the countryside were expected to help the party win more seats via single-member races than it would in a purely proportional contest; indeed, UR candidates won more than 90% of these races.³¹ By comparison, in the contested 2011 election, when seats were allocated entirely by party-list vote, UR officially won 49% of the vote (as opposed to 54% in 2016) but only 53% of seats (as opposed to 76% in 2016).

Election observers also raised concerns about fraud. The election observation mission of the Organization for Security and Cooperation in Europe (OSCE) noted that the counting process was bad or very bad in 23% of the polling stations it observed. One widely cited statistical analysis by a Russian scholar also suggested the election was marred in certain areas of the country by high levels of fraud, including ballot-box stuffing.³²

Besides UR, the three parties that gained seats have served in parliament already and are known as the *loyal* opposition. These parties criticize the government, if not Putin, but typically support its legislative initiatives. Two are longtime fixtures of Russian politics: the Communist Party (KPRF, led by Gennadiy Zyuganov) and the right-nationalist Liberal Democratic Party (LDPR, led by Vladimir Zhirinovskiy). The third, A Just Russia (led by Sergei Mironov), is a center-left party that flirted with the opposition in 2011-2012 before returning to the fold (and expelling some of its members, who remained in opposition).³³

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Analytical Digest no. 186 (July 15, 2016).

²⁸ Vladimir Gelman, "Correction of Errors: How the Kremlin Re-equilibrated Authoritarian Elections in 2016," PONARS Eurasia Policy Memo No. 437, August 2016, at <http://www.ponarseurasia.org/memo/correction-errors-how-kremlin-re-equilibrated-authoritarian-elections-2016>.

²⁹ For example, Yelena Plotnikova and Robert Coalson, "Samara Governor Offers a Stark Choice: United Russia or the CIA," RFE/RL, September 10, 2016, at <http://www.rferl.org/a/russia-samara-governor-merkushkin-united-russia-cia/27978955.html>.

³⁰ Nikolay Petrov, "Putin's Gamble on Russia's Duma Elections," European Council on Foreign Relations, September 8, 2016, at http://www.ecfr.eu/article/commentary_putins_gamble_on_russias_duma_elections_7109.

³¹ Felix Rieffer, "Russian Parliamentary Elections to Take Place Under New Rules," *Deutsche Welle*, August 16, 2016, at <http://www.dw.com/en/russian-parliamentary-elections-to-take-place-under-new-rules/a-19478968>.

³² OSCE/ODIHR International Election Observation Mission, Russian Federation—State Duma Elections, "Statement of Preliminary Findings and Conclusions," September 18, 2016, at <http://www.osce.org/odihr/elections/russia/265186>; Leonid Bershidsky, "Russia Proves Vote Fraud Can Happen Anywhere," Bloomberg View, September 26, 2016, at <https://www.bloomberg.com/view/articles/2016-09-22/russia-proves-vote-fraud-can-happen-anywhere>; Olga Sichkar, Jack Stubbs, and Gleb Stolyarov, "Phantom Voters, Smuggled Ballots Hint at Foul Play in Russian Vote," Reuters, September 20, 2016, at <http://www.reuters.com/article/us-russia-election-fraud-idUSKCN11Q1RI>.

³³ Vladimir Kara-Murza, "Back on the Leash: The End for A Just Russia," Institute of Modern Russia, January 29, (continued...)

The Opposition

As noted above, no *liberal* opposition party won Duma seats in the 2016 elections. However, two liberal opposition parties, neither of which was in the previous parliament, were eligible to compete: Yabloko (identified with its former longtime chairman Grigory Yavlinsky) and PARNAS (led by a former prime minister, Mikhail Kasyanov, as well as, previously, Boris Nemtsov, slain in 2015). Both parties consider themselves European-style liberal democratic parties, though other parties criticized PARNAS in 2016 for including at least one populist firebrand near the top of its list.³⁴

In addition, 18 single-member races were contested by candidates representing the Open Russia movement, founded by former oil magnate Mikhail Khodorkovsky.³⁵

The party of another prominent opposition leader, anticorruption activist and 2013 Moscow mayoral candidate Alexei Navalny, had its registration revoked in 2015, ostensibly for technical reasons, and thus was unable to participate in the election. Navalny himself is barred from running for political office due to a 2013 criminal conviction that resulted in a suspended sentence. Navalny supporters and most outside observers deemed the case (and a second one) to be politically motivated, and in February 2016, the European Court of Human Rights (ECHR) concluded that the trial had violated Navalny's rights.³⁶

Opposition fragmentation was an issue prior to the election. Opposition leaders protected their individual brands and appeared to fear that these brands could be damaged by formal unification with other parties (electoral blocs have been banned since 2005). In 2015, Navalny's Party of Progress had joined with PARNAS and others in a "Democratic Coalition," which was to run candidates under the PARNAS banner. The coalition soon encountered difficulties, however. It was barred from registering candidates in September 2015 regional elections, and in spring 2016 the coalition collapsed after PARNAS leader Kasyanov was targeted in a scandal involving alleged hidden video footage of an affair with a party colleague.³⁷

For now, observers tend to see Vladimir Putin's rule as relatively stable, although new signs of discontent have arisen. Ongoing economic difficulties (see "The Economy," below) have led to small-scale protests across Russia, as prices have risen, salaries have fallen, unemployment has

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2013, at <http://imrussia.org/en/politics/377-back-on-the-leash-the-end-for-a-just-russia>; Gabrielle Tétrault-Farber, "Dmitry Gudkov, L'Enfant Terrible of the State Duma," *Moscow Times*, October 6, 2014, at <https://themoscowtimes.com/articles/dmitry-gudkov-lenfant-terrible-of-the-state-duma-40113>.

³⁴ Nataliya Vasilyeva, "Russian Opposition Faces Infighting, Apathy at Upcoming Vote," Associated Press, September 12, 2016, at <http://bigstory.ap.org/article/a178ad99cd8f49e59e7f84a50f775b16/russian-opposition-faces-infighting-apaty-upcoming-vote>.

³⁵ Ola Cichowlas, "Russian Election Watch 2016: Noteworthy Candidates," *Moscow Times*, September 12, 2016, at <https://themoscowtimes.com/articles/russian-election-watch-2016-noteworthy-candidates-55249>.

³⁶ Meduza, "Navalny Wants Supreme Court to Review His First Criminal Conviction, Saying He's Being Kept from Elections Intentionally," August 22, 2016, at <https://meduza.io/en/news/2016/08/22/navalny-wants-supreme-court-to-review-his-first-criminal-conviction-saying-he-s-being-kept-from-elections-intentionally>; Neil MacFarquhar and Ivan Nechepurenko, "Aleksei Navalny, Viable Putin Rival, Is Barred from a Presidential Run," *New York Times*, February 8, 2017, at <https://www.nytimes.com/2017/02/08/world/europe/russia-aleksei-navalny-putin.html>.

³⁷ Meduza, "Russia's Democratic Coalition: The Opposition Is Being Barred from Elections Again. Here's What You Need to Know," July 29, 2015, at <https://meduza.io/en/feature/2015/07/29/russia-s-democratic-coalition>; Meduza, "The Strange Death of Russia's 'Democratic Coalition,'" May 31, 2016, at <https://meduza.io/en/feature/2016/06/01/the-strange-death-of-russia-s-democratic-coalition>.

grown, and social spending has been reduced.³⁸ In March and June 2017, nationwide protests spearheaded by Navalny's Anti-Corruption Foundation reportedly attracted thousands, many of whom were university-aged or younger, to demonstrate against corruption. Hundreds of protestors were temporarily detained, including Navalny, who was fined and sentenced to, respectively, 15 days and 30 days in prison for what the courts cited as illegal activity.³⁹

Whether such protests are sufficient to catalyze a more substantial political movement remains to be seen. Some observers believe that the government is seeking to minimize popular discontent by continuing to increase social benefits in the lead-up to the next presidential election, scheduled for March 2018, even as expenditures in education, health care, and defense stay flat or decline.⁴⁰

Potential future scenarios tend to center on succession politics, whether engineered by Putin or prompted by his incapacitation or untimely passing. As late as June 2017, Putin still would not say if he was planning to run for reelection, although many observers believe he plans to do so.⁴¹ In the event of a controlled succession (in 2018 or after), observers speculate about a number of well-known potential successors. However, the eventual choice also could be a relatively unknown figure; Putin himself was a highly unexpected choice to succeed his predecessor, Boris Yeltsin.

Many observers put little stock in the possibility of a democratic transition of power. In such a scenario, candidates are thought more likely to emerge from right-wing nationalist forces or a new post-Communist left, not from a liberal, pro-Western opposition or civil society, whose influence has been seriously undermined by the Russian government.

Other scenarios involve a loss of control by Putin or members of his inner circle, as a result of a collapsing economy, weakened state apparatus, or an external war gone wrong. Some observers have speculated that rival political centers could compete for power in Putin's absence and that this competition could turn violent. In addition, some have voiced concerns that an uncontrolled transition could lead to the rise of more nationalist forces.

Local Elections

Formally, Russia has a robust system of subnational elections; in practice, the country's top-down system provides centralized control over key issues. Regional and municipal councils are elected, as are governors of most of Russia's 83 regions and republics (though candidates must secure the signatures of 5%-10% of all their region's municipal deputies, which is seen as a major constraint).

Kremlin-backed leaders dominate local government structures. All but one of Russia's 83 governors are United Russia (UR) members or other government-backed figures. In the Siberian region of Irkutsk in September 2015, Communist Party member Sergei Levchenko became the only gubernatorial candidate since elections were reintroduced in 2012 to defeat a government-backed opponent. UR also has majorities, typically substantial ones, in all regional councils; only a handful of regional deputies across the country are affiliated with the liberal opposition.

Certain regions and cities contain more opposition-minded voters, most notably the two major urban centers of

³⁸ Sean Guillory, "Kremlinology: An Intervention," OpenDemocracy Russia, September 13, 2016, at <https://www.opendemocracy.net/od-russia/sean-guillory/kremlinology-intervention>.

³⁹ See, for example, Joshua Yaffa, "What the Russian Protests Mean for Putin," *New Yorker*, March 27, 2017, at <http://www.newyorker.com/news/news-desk/what-the-russian-protests-mean-for-putin>, and Maxim Trudolyubov, "Alexei Navalny and the Cycle of Russian Protest," *Atlantic*, June 15, 2017, at <https://www.theatlantic.com/international/archive/2017/06/navalny-russia-protests/530463/>.

⁴⁰ Andrey Movchan, "Pensions and Security: Russian Budget Reveals Government Priorities," Carnegie Moscow Center, December 15, 2016, at <http://carnegie.ru/commentary/?fa=66454>.

⁴¹ TASS Russian News Agency, "Putin Says Too Early to Discuss 2018 Presidential Election," June 1, 2017, at <http://tass.com/politics/949110>.

Moscow and St. Petersburg. In the September 2013 Moscow mayoral election, opposition candidate Alexei Navalny won 27% of the vote (incumbent Sergei Sobyenin, Putin's former chief of staff and deputy prime minister, won 51%). Some regions in Siberia and the Far East, as well as in the Northwest, also elect greater numbers of opposition candidates (including the Communists and other loyal opposition parties).

Although Russian law allows for the direct election of mayors in cities other than Moscow and St. Petersburg, most municipalities have an indirectly elected mayor or council head who shares authority with a more powerful appointed or indirectly elected city manager. A few opposition candidates have won competitive mayoral elections, although some of the more prominent were subsequently removed from office and even imprisoned.

Sources: J. Paul Goode, "The Revival of Russia's Gubernatorial Elections: Liberalization or Potemkin Reform?," *Russian Analytical Digest* no. 139 (November 18, 2013), pp. 9-11; Joel C. Moses, "Putin and Russian Subnational Politics in 2014," *Demokratizatsiya* vol. 23, no. 2 (Spring 2015), pp. 181-203; Maria Tsvetkova, "When Kremlin Candidate Loses Election, Even Voters Are Surprised," Reuters, September 29, 2015; Ola Cichowlas, "Endangered Species: Why Is Russia Locking Up Its Mayors?," *Moscow Times*, August 2, 2016.

The Economy⁴²

The Russian economy has gone through periods of decline, growth, and stagnation since 1991. In the first seven years after the dissolution of the Soviet Union (1992-1998), Russia experienced an average annual decline in gross domestic product (GDP) of 6.8%. A decade of strong economic growth followed, in which Russia's GDP increased on average 6.9% per year. The surge in economic growth—largely the result of increases in world oil prices—helped to raise the Russian standard of living and brought a significant degree of economic stability.

The Russian economy was hit hard by the global financial crisis and resulting economic downturn that began in 2008. The crisis exposed weaknesses in the economy, including its significant dependence on the production and export of oil and other natural resources and its weak financial system. The Russian government's reassertion of control over major industries, especially in the energy sector, also contributed to an underachieving economy. As a result, Russia's period of economic growth came to an abrupt end by 2009. Although Russian real GDP increased 5.2% in 2008, it declined by 7.8% in 2009. Russia began to emerge from its recession in 2010, with 4.5% GDP growth that year, but by 2013 growth had again slowed to 1.3%.⁴³

Since 2014, two external shocks—low oil prices and international sanctions—have contributed to considerable economic challenges. In particular, Russia has grappled with the following:

- economic contraction, with growth slowing to 0.7% in 2014 before contracting by 2.8% in 2015;
- capital flight, with net private capital outflows from Russia totaling \$152 billion in 2014, compared to \$60 billion in 2013;
- rapid depreciation of the ruble, more than 50% against the dollar over the course of 2014;
- increasing inflation, from 6.8% in 2013 to 15.5% in 2015;
- declining trade, with the dollar value of exports and imports down by 31% and 36%, respectively, from 2014 to 2015;

⁴² This section was prepared primarily by Rebecca Nelson, Specialist in International Trade and Finance. For more, see CRS Report R43895, *U.S. Sanctions and Russia's Economy*, by Rebecca M. Nelson.

⁴³ International Monetary Fund (IMF), *World Economic Outlook*, April 2017, at <https://www.imf.org/external/pubs/ft/weo/2017/01/weodata/index.aspx>.

- budgetary pressures, with the budget deficit widening from 1.2% in 2013 to 3.4% in 2015;
- drawing on international reserves to offset fiscal challenges, with reserves falling from almost \$500 billion in January 2014 to \$356 billion in April 2015; and
- more widespread poverty, which increased from 16.1 million living in poverty in 2014 to 19.2 million in 2015 (13.4% of the population).⁴⁴

During 2016, Russia's economy largely stabilized, even as sanctions remained in place. Russia's economy only slightly contracted (0.2%); net private sector capital outflows slowed, from more than \$150 billion in 2014 to \$19.8 billion in 2016; inflation fell by more than half since 2015, to 7.0%; the value of the ruble stabilized; reserves began to rise; and the government successfully sold new bonds in international capital markets in May 2016. Around 19.8 million (13.5% of the population) were estimated to be living in poverty.⁴⁵ Net inflows of foreign direct investment (FDI) into Russia, which essentially came to a halt in late 2014 and early 2015, started to resume in 2016. Most notably, a consortium of the Qatar Investment Authority (QIA, Qatar's national sovereign wealth fund) and Glencore, a Swiss-based mining and commodity trading firm, purchased 19.5% of the state-controlled Rosneft, Russia's largest oil company, for €10.2 billion (about \$10.6 billion at the time).⁴⁶

According to the International Monetary Fund (IMF), Russia's economy is projected to grow by 1.4% in 2017.⁴⁷ The IMF argues that after two years of recession, the economy is recovering due to a rise in oil prices and improved investor sentiment but that the medium-term prospects are subdued given oil prices still well below their peak and structural weaknesses in Russia's economy.⁴⁸ Low oil prices also have strained the government budget, which ran a deficit of 3.7% of GDP in 2016, but the fiscal outlook has improved as oil prices have stabilized, with a budget deficit of 1.9% of GDP projected for 2017.⁴⁹ The government has tapped one of Russia's sovereign wealth funds, the Reserve Fund, to address the budget shortfall, and its resources have fallen to about \$16 billion from \$143 billion in 2008.⁵⁰ The government is considering

⁴⁴ IMF, *World Economic Outlook*, April 2017; Central Bank of Russia, External Sector Statistics, "Net Inflows/Outflows of Capital by Private Sector," at https://www.cbr.ru/eng/statistics/?Prtd=svs&ch=itm_49171#CheckedItem; IMF Exchange Rates Database, at <https://www.imf.org/external/np/fin/ert/GUI/Pages/CountryDataBase.aspx>; The Customs Committee of Russia, as accessed from Global Trade Atlas; Central Bank of Russia, External Sector Statistics, "International Reserves of the Russian Federation," <http://www.cbr.ru/eng/statistics/?Prtd=svs>; and World Bank, *Russia Economic Report 35*, April 6, 2016, at <http://www.worldbank.org/en/news/press-release/2016/04/06/russia-economic-report-35>.

⁴⁵ World Bank, *Russia Economic Report 37*, May 2017, at <http://www.worldbank.org/en/country/russia/publication/rer>.

⁴⁶ The consortium borrowed most of the funds from Intesa Sanpaolo, an Italian bank, and others, including Russian banks. BP, the UK-based international energy company, owns 19.75% of Rosneft. The purpose and method of the sale has raised some questions among observers. See Katya Golubkova, Dmitry Zhdannikov, and Stephen Jewkes, "How Russia Sold Its Oil Jewel: Without Saying Who Bought It," *Reuters*, January 25, 2017, at <http://www.reuters.com/article/us-russia-rosneft-privatisation-insight-idUSKBN1582OH>; Sarah McFarlane and Summer Said, "Russia Could Buy Back Stake It Sold in Rosneft," *Wall Street Journal*, June 7, 2017, at <https://www.wsj.com/articles/russia-to-buy-back-stake-it-sold-in-rosneft-1496827804>.

⁴⁷ IMF, *World Economic Outlook Update*, July 2017, at <http://www.imf.org/en/Publications/WEO/Issues/2017/07/07/world-economic-outlook-update-july-2017>.

⁴⁸ IMF, *Russian Federation: 2017 Article IV Consultation-Press Release; Staff Report*, July 2017, at <http://www.imf.org/en/Publications/CR/Issues/2017/07/10/Russian-Federation-2017-Article-IV-Consultation-Press-Release-Staff-Report-45054>.

⁴⁹ *Ibid.*

⁵⁰ Vladimir Kuznetsov, "Russian Wealth Fund Has This Year's Biggest Drop as Buffers Wilt," *Bloomberg*, September 6, 2016, at <https://www.bloomberg.com/news/articles/2016-09-06/russian-wealth-fund-has-this-year-s-biggest-drop-as-continued...>

consolidating its two sovereign wealth funds as the government continues to face budget shortfalls. Russia's other sovereign wealth fund, the National Wealth Fund, was designed to help balance the pension system and has about \$75 billion.⁵¹

In the longer term, Russia's economy faces long-standing structural challenges, including slow economic diversification, weak protection of property rights, burdensome administrative procedures, state involvement in the economy, and adverse demographic dynamics.⁵² The IMF argues that sanctions dampen the potential for accelerating investment growth.⁵³ Some analysts also have noted that the low value of the ruble may hamper Russia's attempts to innovate and modernize its economy and that the economy's continued reliance on oil makes it vulnerable to another drop in oil prices.⁵⁴

Despite Western sanctions and Russia's own retaliatory ban against agricultural imports, the EU as a whole remains Russia's largest trading partner. In 2016, 47% of Russia's merchandise exports went to EU member states and 38% of its merchandise imports came from EU member states. By country, Russia's top three merchandise export destinations were the Netherlands (10%), China (10%), and Germany (7%), and its top three sources of merchandise imports were China (21%), Germany (11%), and the United States (6%).⁵⁵

Economic Impact of Sanctions

It is difficult to assess whether, and to what extent, sanctions on Russia and Russia's retaliatory measures have impacted the country's economy over the past few years (for details on U.S. sanctions against Russia, see "Ukraine-Related Sanctions," below). Sanctions were imposed at the same time the price of oil, a major export and source of revenue for the Russian government, dropped significantly, by more than 60% between the start of 2014 and the end of 2015.⁵⁶

That said, many economists, including at the IMF, have argued that the twin shocks of sanctions and low oil prices have adversely affected Russia's economy.⁵⁷ In 2015, the IMF estimated that sanctions and Russia's retaliatory ban on agricultural imports reduced output in Russia over the short term between 1.0% and 1.5%.⁵⁸ The IMF's models suggest that the effects on Russia over

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buffers-wilt; Andrey Ostroukh, "Russia's Reserve Fund Grows to \$16.71 Billion as of July 1," Reuters, at <https://www.reuters.com/article/russia-funds-idUSR4N11Y00Q>.

⁵¹ Olga Tanas and Anna Andrianova, "Russia Eyes a \$90 Billion Sovereign Wealth Fund," Reuters, June 19, 2017, at <https://www.bloomberg.com/news/articles/2017-06-19/russia-to-discuss-merging-wealth-funds-into-90-7-billion-coffer>; Ostroukh, "Russia's Reserve Fund Grows to \$16.71 Billion as of July 1," July 4, 2017.

⁵² IMF, *Russian Federation: Staff Report for the 2016 Article IV Consultation*, July 2016, at <https://www.imf.org/external/pubs/ft/scr/2016/cr16229.pdf>.

⁵³ IMF, *Russian Federation: 2017 Article IV Consultation-Press Release; Staff Report*, July 2017.

⁵⁴ Pavel Koshkin and Ksenia Zubacheva, "The Worst of the Economic Crisis in Russia Lies Ahead," *Russia Direct*, January 22, 2016, at <http://www.russia-direct.org/analysis/worst-economic-crisis-russia-lies-ahead>.

⁵⁵ European Commission Directorate-General for Trade, "European Union, Trade In Goods With Russia," May 3, 2017, at http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc_113440.pdf, and Customs Committee of Russia, as accessed from Global Trade Atlas.

⁵⁶ Federal Reserve Bank of St. Louis, "Global Price of Brent Crude," at <https://fred.stlouisfed.org/series/POILBREUSD>, accessed February 2, 2017.

⁵⁷ For example, see IMF, "IMF Staff Concludes Visit to Russian Federation," November 29, 2016, at <https://www.imf.org/en/News/Articles/2016/11/29/PR16529-Russian-Federation-IMF-Staff-Concludes-Visit>.

⁵⁸ IMF, *Russian Federation: Staff Report for the 2015 Article IV Consultation*, August 2015, p. 5, at [http://www.elibrary.imf.org/view/IMF002/22733-9781513502441/22733-9781513502441/22733-\(continued...\)](http://www.elibrary.imf.org/view/IMF002/22733-9781513502441/22733-9781513502441/22733-(continued...))

the medium term could be more substantial, reducing output by up to 9.0%, as lower capital accumulation and technological transfers weaken already declining productivity growth. At the start of 2016, a State Department official argued that sanctions were not designed to push Russia “over the economic cliff” in the short run but rather were designed to exert long-term pressure on Russia.⁵⁹

In November 2014, Russian Finance Minister Anton Siluanov estimated the annual cost of sanctions to the Russian economy at \$40 billion (2% of GDP), compared to \$90 billion-\$100 billion (4%-5% of GDP) lost due to lower oil prices.⁶⁰ Similarly, Russian economists estimated that the economic sanctions would decrease Russia’s GDP by 2.4% by 2017, but the effect would be 3.3 times less than the effect from the oil-price shock.⁶¹ In November 2016, Putin stated that the sanctions are “severely harming Russia” in terms of access to international financial markets, although the impact was not as severe as the harm from the decline in energy prices.⁶²

In December 2016, the Office of the Chief Economist at the U.S. State Department published estimates of the impact of the U.S. and European Union (EU) sanctions in 2014 on a firm-level basis.⁶³ The main finding was that the average company or associated company in Russia subject to sanctions lost about one-third of its operating revenue, more than one-half of its asset value, and about one-third of its employees relative to nonsanctioned peers.

The longer-term effect of sanctions, if they are kept in place, is unclear. The economic bite of restrictions on U.S. long-term financing for certain sectors or technology for specific Russian oil exploration projects may manifest more prominently in coming years. At the same time, the long-term impact may depend on whether Russia can develop viable and reliable alternative economic partners, particularly among countries that have refrained from sanctions (such as China, India, and Brazil), to fulfill economic activities restricted by U.S. and EU sanctions.

U.S.-Russian Trade and Investment

Even before sanctions were imposed, the United States had relatively little direct trade and investment with Russia. Over the past decade, Russia has accounted for less than 2% of total U.S. merchandise imports, less than 1% of total U.S. merchandise exports, less than 1% of U.S. FDI, and less than 1% of FDI in the United States.⁶⁴ At the same time, in 2016, the United States was Russia’s third-largest source of merchandise imports (and 10th-largest destination for exports).

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⁵⁹ Robin Emmott, “Sanctions Impact on Russia to Be Longer Term, U.S. Says,” Reuters, January 12, 2016, at <http://www.reuters.com/article/us-ukraine-crisis-sanctions-idUSKCN0UQ1ML20160112>.

⁶⁰ European Parliamentary Research Service, *Sanctions over Ukraine: Impact on Russia*, March 2016, at <http://www.europarl.europa.eu/EPRS/EPRS-Briefing-579084-Sanctions-over-Ukraine-impact-Russia-FINAL.pdf>.

⁶¹ Evsey Gurvich and Ilya Prilepskiy, “The Impact of Financial Sanctions on the Russian Economy,” *Russian Journal of Economics* (2015), pp. 359-385.

⁶² Nikolaus Blome, Kai Diekmann, and Daniel Biskup, “Putin—The Interview: ‘For Me, It Is Not Borders That Matter,’” *Bild*, November 1, 2016, at <http://www.bild.de/politik/ausland/wladimir-putin/russian-president-wladimir-putin-the-interview-44092656.bild.html>.

⁶³ Daniel Ahn and Rodney Ludema, *Measuring Smartness: Understanding the Economic Impact of Targeted Sanctions*, Office of the Chief Economist, U.S. Department of State, December 2016, Working Paper 2017-01, at <https://www.state.gov/documents/organization/267590.pdf>.

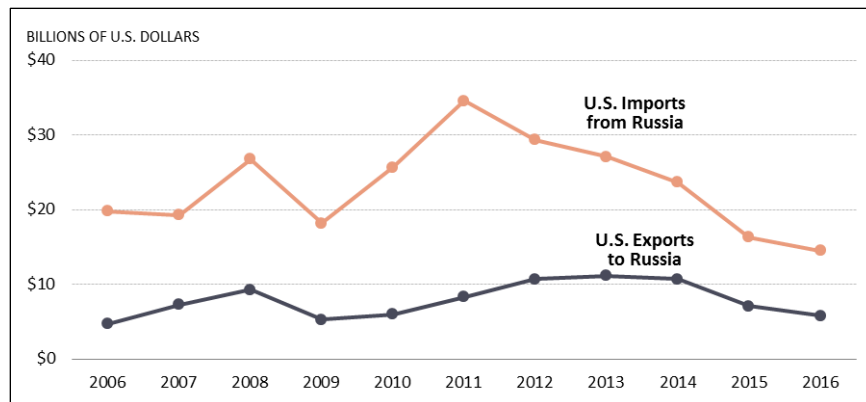
⁶⁴ Trade data are from the U.S. Census Bureau, the Customs Committee of Russia, and Eurostat, as accessed from Global Trade Atlas, unless otherwise noted. U.S. investment data are from the U.S. Bureau of Economic Analysis (on a continued...)

Over the past three years, U.S. merchandise trade with Russia has fallen by almost half (see **Figure 2**). U.S. merchandise exports to Russia fell from \$11.1 billion in 2013 to \$5.8 billion in 2016. U.S. merchandise imports from Russia fell from \$27.1 billion in 2013 to \$14.5 billion in 2016. U.S. investment ties with Russia also continued to weaken. U.S. investment in Russia was \$9.2 billion in 2015, down from a peak of \$20.8 billion in 2009.⁶⁵ Russian investment in the United States was \$4.5 billion, down from a peak of \$8.4 billion in 2009.

U.S. merchandise imports from Russia tend to be dominated by oil and unfinished metals. Of the \$14.5 billion in merchandise that the United States imported from Russia in 2016, about half was mineral fuels and oils (\$7.2 billion), particularly noncrude oil (\$6.6 billion). Other top U.S. merchandise imports from Russia in 2016 included aluminum (\$1.33 billion); iron and steel (\$1.3 billion); inorganic chemicals, precious and rare-earth metals and radioactive compounds (\$1.2 billion), particularly enriched uranium (\$1.03 billion); precious metals, stones, and related products (\$696 million), particularly unfinished platinum (\$607 million); fertilizers (\$502 million); and fish, crustaceans, and aquatic invertebrates (\$410 million). These products accounted for more than 85% of U.S. imports from Russia in 2016.

U.S. merchandise exports to Russia tend to focus on machinery and manufactured products. Of the \$5.8 billion in commodities exported by the United States to Russia in 2016, the top export was nuclear reactors, boilers, machinery, and parts (\$1.4 billion). Other top U.S. merchandise exports to Russia in 2016 included aircraft, spacecraft, and related parts (\$1.3 billion); vehicles and parts (\$617 million); optic, photo, medic, and surgical instruments (\$438 million); electric machinery and sound equipment (\$421 million); and pharmaceutical products (\$190 million). These products accounted for more than 75% of U.S. exports to Russia in 2016.

Figure 2. U.S. Merchandise Trade with Russia



Source: Created by CRS using U.S. Census Bureau data, as accessed from Global Trade Atlas.

Even though overall trade and investment flows between the United States and Russia are limited, economic ties at the firm and sector levels are in some cases substantial. Several large U.S. companies, such as PepsiCo, Ford Motor Company, General Electric, and Boeing, have been actively engaged with Russia: exporting to Russia, entering joint ventures with Russian partners, and relying on Russian suppliers for inputs. The U.S.-Russia Business Council, a Washington-

(...continued)

historical-cost basis).

⁶⁵ U.S. Bureau of Economic Analysis. Data are U.S. direct investment position abroad on a historical-cost basis.

based trade association that provides services to U.S. and Russian member companies, has a membership of around 170 U.S. companies conducting business in Russia.⁶⁶

In 2012, Russia joined the World Trade Organization (WTO), and Congress passed and the President signed legislation that allowed the President to extend permanent normal trade relations to Russia (P.L. 112-208). Part of this legislation requires the U.S. Trade Representative to report annually on the implementation and enforcement of Russia's WTO commitments. The 2016 report stresses that although Russia acted as a responsible member of the WTO community in some areas, such as reducing bound tariffs (maximum rates allowed by the WTO between trading states) by the required deadline, other areas were more problematic: Russia's actions continued to depart from the WTO's core tenets of liberal trade, transparency, and predictability in favor of inward-looking, import-substitution economic policies.⁶⁷ Separately, some analysts have raised questions about whether Russia's retaliatory ban on agriculture imports from the United States and other countries is compliant with its obligations under the WTO, whereas others argue that the ban may be permitted under the national security exemption. To date, no state has formally challenged the ban at the WTO.

Energy Sector⁶⁸

Russia is a significant producer of energy in various forms, including crude oil, natural gas, coal, and nuclear power. In 2016, Russia was the third-largest oil producer, behind the United States and Saudi Arabia; the second-largest natural gas producer, behind the United States; and the sixth-largest coal producer. It is also a significant exporter of oil and the largest natural gas exporter, the latter providing Russia with market power, which it has exploited for geopolitical purposes. Natural gas is more of a regional commodity than oil because natural gas requires expensive infrastructure for transport. (Oil, by contrast, is a global market in which Russia does not have the same type of leverage over countries as it does with its natural gas exports.)

Table 2, below, provides data for all countries in Europe that received Russian natural gas (EU members are in bold) in 2015, the latest year for which data are available.⁶⁹ Seven EU countries (Bulgaria, Estonia, Finland, Hungary, Latvia, Romania, and Slovenia) relied on Russia for 100% of their natural gas imports in 2015, as did five non-EU countries (Belarus, Bosnia and Herzegovina, Macedonia, Moldova, and Serbia). Russian gas imports made up more than half the total gas consumption in 20 countries. However, only three EU countries (Hungary, Latvia, and Lithuania) and three non-EU countries (Armenia, Belarus, and Moldova) depended on Russian gas for more than 20% of their total primary energy consumption.

To maintain its leverage and position as Europe's dominant gas supplier, Russia has sought to develop multiple pipeline routes to reduce its dependence on transit states such as Ukraine and to satisfy regional markets. To the north, the Nord Stream pipeline runs under the Baltic Sea from Russia to Germany; Russia's state-controlled natural gas company, Gazprom, is seeking to build a second, parallel pipeline, Nord Stream 2, with the financial support of five European energy companies. However, the project still must receive approval from the governments of Denmark,

⁶⁶ U.S.-Russia Business Council, at <http://www.usrbc.org/site/membership/services>.

⁶⁷ U.S. Trade Representative, *2016 Report on the Implementation and Enforcement of Russia's WTO Commitments*, December 2016, at <https://ustr.gov/sites/default/files/2016-WTO-Report-Russia.pdf>.

⁶⁸ This section was coauthored with Michael Ratner, Specialist in Energy Policy. For more on Russian-European energy relations, see CRS Report R42405, *Europe's Energy Security: Options and Challenges to Natural Gas Supply Diversification*, coordinated by Michael Ratner.

⁶⁹ In 2015, Russia also exported natural gas to China, Japan, Kazakhstan, South Korea, and Taiwan.

Finland, and Sweden, whose waters it would cross. The European Union (specifically, the EU's executive branch, the European Commission) also is considering whether and to what extent the proposed pipeline would be subject to existing EU regulations.

Opponents of the pipeline—including, among others, the governments of Estonia, Latvia, Lithuania, Poland, Ukraine, and many Members of the U.S. Congress—argue that the pipeline runs counter to the stated EU goal of diversifying European energy supply sources by increasing reliance on Russian gas. In addition, they contend that by bypassing existing pipelines to Eastern Europe through Ukraine, Nord Stream 2 could leave Ukraine and other countries in Central and Eastern Europe more vulnerable to supply cutoffs or price manipulation by Russia.

To the south, Russia had long planned the South Stream pipeline that would have run under the Black Sea to Bulgaria. That project was canceled at the end of 2014. Despite initial skepticism and a temporary decline in Turkish-Russian relations, however, the planned South Stream pipeline has been replaced to an extent by the Turk Stream project, which follows a similar route across the Black Sea but stops at the Turkish-Greek border. Gazprom has signed some contracts for the project, including one for the laying of pipe.

Table 2. European Imports of Russian Natural Gas (2015)

Country	Russian Imports as % of Total Imports	Russian Imports as % of Total Gas Consumption	Russian Imports as % of Primary Energy Consumption
Armenia	83%	83%	40%
Austria	68%	57%	11%
Belarus	100%	100%	66%
Belgium	30%	58%	17%
Bosnia and Herzegovina	100%	100%	3%
Bulgaria	100%	97%	14%
Czech Republic	48%	47%	9%
Denmark	53%	21%	3%
Estonia	100%	100%	19%
Finland	100%	100%	9%
France	20%	22%	3%
Georgia	15%	15%	4%
Germany	41%	50%	12%
Greece	61%	61%	6%
Hungary	100%	81%	23%
Italy	38%	34%	14%
Latvia	100%	100%	30%
Lithuania	84%	84%	37%
Macedonia	100%	100%	2%
Moldova	100%	100%	68%
Netherlands	8%	6%	2%
Poland	77%	56%	8%
Romania	100%	2%	0%
Serbia	100%	72%	9%
Slovakia	90%	88%	20%
Slovenia	100%	100%	6%
Switzerland	8%	8%	1%
Turkey	54%	54%	17%
Ukraine	44%	21%	8%

Sources: CRS, on the basis of data from Cedigaz (<http://www.cedigaz.org>), industry data provider, 2015; British Petroleum (BP), *Statistical Review of World Energy 2016*, at <http://www.bp.com/en/global/corporate/energy-economics/statistical-review-of-world-energy.html>; and U.S. Energy Information Administration, *International Energy Outlook 2016*, at <http://www.eia.gov/outlooks/ieo>.

Notes: European Union member states are in bold.

Foreign Relations

In recent years, many Members of Congress and other U.S. policymakers have paid growing attention to Russia's active and increasingly forceful foreign policy, both toward neighboring states, such as Georgia and Ukraine, and in regard to operations further afield, such as the intervention in Syria and interference in political processes in Europe and the United States. These actions have even resurrected talk of a new Cold War.⁷⁰

Although Russian foreign policy has been increasingly active, observers note that the principles guiding it have been largely consistent since the Soviet Union's collapse in 1991. One principle is to reestablish Russia as the center of political gravity for the post-Soviet region and to minimize the military and political influence of rival powers, particularly NATO and more recently the EU. A second principle is to establish Russia as one of a handful of dominant poles in global politics, capable in particular of competing (and, where necessary, cooperating) with the United States.

Beyond these fundamentals, debates exist on a number of related issues. Such issues include whether strong responses by outside powers can deter Russian aggression or whether these responses run a risk of escalating conflict; how much states that disagree with Russia on key issues can cooperate with Moscow; whether the Russian government is primarily implementing a strategic vision or reacting to circumstances and the actions of others; and the extent to which the Russian leadership takes actions abroad to strengthen its domestic position.

Russia and Other Post-Soviet States

Since the collapse of the Soviet Union, one fundamental goal of Russian foreign policy has been to retain and, where necessary, rebuild close ties with neighboring states that were once part of the USSR. Many observers inside and outside Russia interpret this policy as laying claim to a traditional sphere of influence. Although Russian policymakers avoid reference to a *sphere of influence*, they have used comparable terms at various times. In the early 1990s, Russia's foreign minister and other officials employed the term *near abroad* to describe Russia's post-Soviet neighbors, and in 2008 President (and current Prime Minister) Dmitry Medvedev referred to Russia's neighbors as constituting a "region" where Russia has "privileged interests."⁷¹

The original mechanism for reintegrating the post-Soviet states was the Commonwealth of Independent States (CIS), which was established by the Presidents of Russia, Belarus, and Ukraine in December 1991. The CIS includes as members or participants all post-Soviet states except the Baltics (Estonia, Latvia, and Lithuania, all now NATO and EU members) and Georgia.⁷² The organization has had limited success in promoting regional integration, however.

⁷⁰ See, for example, Dmitri Trenin, "Welcome to Cold War II," *Foreign Policy*, March 4, 2014, at <http://foreignpolicy.com/2014/03/04/welcome-to-cold-war-ii>, and James Stavridis, "Are We Entering a New Cold War?," *Foreign Policy*, February 17, 2016, at <http://foreignpolicy.com/2016/02/17/are-we-entering-a-new-cold-war-russia-europe>.

⁷¹ William Safire, "On Language: The Near Abroad," *New York Times*, May 22, 1994, at <http://www.nytimes.com/1994/05/22/magazine/on-language-the-near-abroad.html>; *Economist*, "Medvedev on Russia's Interests," September 1, 2008, at http://www.economist.com/blogs/certainideasofeuropa/2008/09/medvedev_on_russias_interests.

⁷² The full members of the Commonwealth of Independent States (CIS) are Armenia, Azerbaijan, Belarus, Kazakhstan, Kyrgyzstan, Moldova, Russia, Tajikistan, and Uzbekistan. Neither Turkmenistan nor Ukraine signed the CIS charter in 1993, although both countries participate in the organization (Turkmenistan considers itself an "associate member"). Georgia withdrew from the CIS after its 2008 war with Russia.

Russia has had relatively more success developing multilateral relations with a narrower circle of states. In recent years, Russia has mainly accomplished this aim via two institutions: the Collective Security Treaty Organization (CSTO), a security alliance that includes Russia, Armenia, Belarus, Kazakhstan, Kyrgyzstan, and Tajikistan, and the Eurasian Economic Union (EEU), an evolving single market that includes all CSTO members except Tajikistan (a prospective candidate).⁷³

Current members of these organizations mostly have joined voluntarily, if not always enthusiastically.⁷⁴ Their goals in joining have been diverse. Although these aims could include the facilitation of trade and investment, as well as protection against a variety of external threats (including terrorism and drug trafficking), they also may include a desire to accommodate Russia, ensure opportunities for labor migration, promote intergovernmental subsidies, and bolster regime security.

Russia dominates both the CSTO and the EEU. It has around 75% of the EEU's total population, approximately 85% of EEU members' total GDP, and more than 95% of CSTO members' military expenditures.⁷⁵ Russia maintains active bilateral economic, security, and political relations with CSTO and EEU member states, and observers often consider these bilateral ties to be of greater significance than Russia's multilateral relations within these two institutions. Russia's main military facilities in CSTO member states consist of bases in Tajikistan, Armenia, and Kyrgyzstan and radar stations in Belarus and Kazakhstan.

Russia's relations with its CSTO and EEU partners are not always smooth. In addition to expressing differences over the principles and rules of the two institutions, Russia's closest partners have been reluctant to bind themselves entirely to Russia on matters of foreign policy and economic development. None of them followed Russia's lead in recognizing Georgia's breakaway regions of Abkhazia and South Ossetia as independent states in 2008. Russia secured relatively greater support from partners in its annexation of Ukraine's Crimea region. In March 2014, Armenia and Belarus voted with Russia (and eight other states) to reject United Nations General Assembly (UNGA) Resolution 68/262, which affirmed Ukraine's territorial integrity. In December 2016, Armenia, Belarus, and Kazakhstan voted with Russia (and 19 other states) to reject UNGA Resolution 71/205, which "condemn[ed] the temporary occupation" of Crimea and reaffirmed nonrecognition of its annexation.⁷⁶

⁷³ For more on the Eurasian Economic Union (EEU), see CRS In Focus IF10309, *Eurasian Economic Union*, by Gabriel M. Nelson.

⁷⁴ The most visible reluctance concerned Armenia's membership in the EEU. The Armenian government, which was planning to conclude an association agreement with the EU, abruptly reversed course and declared its intent to join the EEU after a meeting of the Russian and Armenian presidents in September 2013. Kyrgyz President Almazbek Atambayev referred to EEU membership as "the lesser of two evils." TASS, "No Option for Kyrgyzstan But to Join Customs Union—Kyrgyzstan President," October 27, 2014, at <http://tass.com/economy/756666>.

⁷⁵ Stratfor, "Why the Eurasian Union Will Never Be the EU," September 17, 2016, at <https://www.stratfor.com/analysis/why-eurasian-union-will-never-be-eu>; Stockholm International Peace Research Institute, *Military Expenditure Database* (2015), at <https://www.sipri.org/databases/milex>.

⁷⁶ U.N. General Assembly Resolution 68/262 passed 100-11, with 58 abstentions. Kazakhstan abstained, whereas Kyrgyzstan and Tajikistan were absent. Resolution 71/205 passed 73-23, with 76 abstentions, including by Kyrgyzstan and Tajikistan. U.N. General Assembly Resolution A/RES/68/262, "Territorial Integrity of Ukraine," March 27, 2014, at http://www.un.org/en/ga/search/view_doc.asp?symbol=A/RES/68/262; U.N. General Assembly Resolution A/RES/71/205, "Situation of Human Rights in the Autonomous Republic of Crimea and the City of Sevastopol (Ukraine)," December 19, 2016, at http://www.un.org/en/ga/search/view_doc.asp?symbol=A/RES/71/205. The voting records are available at, respectively, <https://graphics8.nytimes.com/packages/html/world/middleeast/voting.pdf>, and http://www.un.org/en/ga/third/71/docs/voting_sheets/L.26.pdf.

Russia's partners also have cultivated strong ties with other countries. Kazakhstan, in particular, has developed strong relations with China and the West, particularly in the energy sector. China is the largest trading partner of Kyrgyzstan and Tajikistan. Although Armenia and Belarus have close bilateral relations with Russia in the security and economic spheres, they also have established economic ties to Europe, and Belarus's authoritarian leader Alexander Lukashenko periodically criticizes Russia for what he considers unfair bilateral trading practices and strong-arm diplomacy. Both Armenia and Kazakhstan have established institutional partnerships with NATO; Armenia is a troop contributor to the NATO-led Kosovo Force and Resolute Support Mission in Afghanistan. For more than 13 years, Kyrgyzstan hosted a major military base and transit center for coalition troops fighting in Afghanistan.

Russia also has partnerships with three post-Soviet states that are not members of the CSTO or the EEU: Azerbaijan, Turkmenistan, and Uzbekistan. These three states have opted to pursue independent foreign policies and do not seek membership in Russian-led or other security and economic blocs.⁷⁷ Azerbaijan and Turkmenistan are significant energy producers; they partner with Russia but also have developed major alternative transit routes for oil (in Azerbaijan's case) and natural gas. In addition, Russia has cultivated a partnership with Uzbekistan, although the latter competes with Kazakhstan for regional leadership in Central Asia and has long-standing disputes with Kyrgyzstan and Tajikistan.

Russia's relations with Georgia, Moldova, and Ukraine have been the most difficult. These three states have sought to cultivate close ties with the West. Georgia has consistently pursued NATO membership and served as one of NATO's closest nonallied partners in Iraq and Afghanistan. Moldova and Ukraine are also close NATO partners.⁷⁸ All three states have concluded association agreements with the EU that include the establishment of free-trade areas and encourage harmonization with EU laws and regulations.

Georgia, Moldova, and Ukraine also have territorial conflicts with Russia, which stations military forces within these states' territories without their consent (see **Figure 4**, below). Since the first years of independence, Georgia and Moldova have confronted separatist regions supported by Moscow (in Georgia, Abkhazia and South Ossetia; in Moldova, Transnistria). Following a steady worsening of relations with Georgia, together with increasing clashes between Georgian and separatist forces, Russia went to war with Georgia in August 2008 to prevent Georgia from reestablishing control over South Ossetia. The war resulted in the expulsion of Georgian residents and the destruction of their villages, as well as Russian recognition of the independence of South Ossetia and Abkhazia. Russia has periodically imposed embargoes on key imports from Georgia and Moldova, although both states have managed to partially normalize relations with Russia. Moldova's current president, Igor Dodon, seeks to reorient Moldova closer to Russia, although his formal powers to do so are relatively limited in Moldova's political system.

⁷⁷ Turkmenistan is constitutionally neutral. Uzbekistan was a member of the Collective Security Treaty Organization from 2006 to 2012. Azerbaijan contributes troops to the NATO-led Resolute Support Mission in Afghanistan.

⁷⁸ At the April 2008 NATO summit in Bucharest, NATO members agreed that Georgia and Ukraine would "become members of NATO." In 2010, Ukraine adopted a "non-bloc" (i.e., nonaligned) status, but its parliament rejected that status in December 2014, after Russia's annexation of Crimea and support of separatists in eastern Ukraine. NATO, "Bucharest Summit Declaration," April 3, 2008, at http://www.nato.int/cps/en/natolive/official_texts_8443.htm; Steven Pifer, "Ukraine Overturns Its Non-bloc Status: What Next with NATO?," *Kyiv Post*, December 26, 2014, at <https://www.kyivpost.com/article/opinion/op-ed/steven-pifer-ukraine-overturms-its-non-bloc-status-what-next-with-nato-376208.html>.

Ukraine Conflict⁷⁹

Many observers consider that of all the post-Soviet states, Ukraine has been the most difficult for Russia to accept as fully independent.⁸⁰ Even before 2014, the Russian-Ukrainian relationship suffered turbulence, with disputes over Ukraine's ties to NATO and the EU, the status of Russia's Crimea-based Black Sea Fleet, and the transit of Russian natural gas via Ukraine to Europe. Under Ukrainian President Viktor Yanukovich (2010-2014), such disputes were largely papered over. By the end of 2013, Yanukovich appeared to make a decisive move toward Russia, postponing the conclusion of an association agreement with the EU and agreeing to substantial financial assistance from Moscow.

The decision to postpone Ukraine's agreement with the EU was a catalyst for the so-called Euromaidan protests, which led to a government crackdown on demonstrators, violent clashes between protestors and government forces, and eventually the demise of the Yanukovich regime. Ukraine's armed conflict with Russia emerged soon after Yanukovich fled to Russia in February 2014. Moscow annexed Crimea the next month and facilitated the rise of new separatist movements in eastern Ukraine (the Donetsk and Luhansk regions, together known as the Donbas, see **Figure 3**). In late August 2014, Russia stepped up support to separatists in reaction to a new Ukrainian offensive.

In September 2014, the leaders of France, Germany, Russia, and Ukraine, together with separatist representatives, negotiated a cease-fire agreement, the Minsk Protocol (named after the city where it was reached). However, the protocol failed to end fighting or prompt a political resolution to the crisis.

The parties met again in February 2015 and reached a more detailed cease-fire agreement known as Minsk-2. This agreement mandates a total cease-fire, the withdrawal of heavy weapons and

Summary of Minsk-2 Provisions

1. Immediate and full bilateral cease-fire.
2. Withdrawal of all heavy weapons by both sides.
3. Effective international monitoring regime.
4. Dialogue on (a) modalities of local elections in accordance with Ukrainian legislation and (b) the future status of certain districts in Donetsk and Luhansk.
5. Pardon and amnesty via a law forbidding persecution and punishment of persons involved in the conflict.
6. Release of all hostages and other illegally detained people based on a principle of "all for all."
7. Safe delivery of humanitarian aid to those in need, based on an international mechanism.
8. Restoration of full social and economic links with affected areas.
9. Restoration of full Ukrainian control over its border with Russia alongside the conflict zone, beginning from the first day after local elections and ending after the introduction of a new constitution and permanent legislation on the special status of districts in Donetsk and Luhansk.
10. Withdrawal of all foreign armed groups, weapons, and mercenaries from Ukrainian territory and disarmament of all illegal groups.
11. Constitutional reform in Ukraine, including decentralization and permanent legislation on the special status of districts in Donetsk and Luhansk.
12. Local elections in districts of Donetsk and Luhansk, to be agreed upon with representatives of those districts and held according to OSCE standards.
13. Intensification of the work of the Trilateral Contact Group (Ukraine, Russia, OSCE), including through working groups on implementation of the Minsk agreements.

⁷⁹ This section draws on CRS Report RL33460, *Ukraine: Current Issues and U.S. Policy*, by Vincent L. Morelli.

⁸⁰ In 2008, a Russian newspaper alleged that Putin told President George W. Bush "that Ukraine is not even a state. What is Ukraine? Part of its territories is Eastern Europe, but the greater part is a gift from us." James Marson, "Putin to the West: Hands off Ukraine," *Time*, May 25, 2009, at <http://content.time.com/time/world/article/0,8599,1900838,00.html>. The original article was published in *Kommersant*, April 7, 2008 (in Russian), at <http://www.kommersant.ru/doc/877224>.

foreign troops and fighters, and full Ukrainian control over its border with Russia, among other provisions (see “Summary of Minsk-2 Provisions” box).

Figure 3. Separatist Regions in Eastern Ukraine



Sources: Graphic produced by CRS. Map information generated by Hannah Fischer using data from the National Geospatial Intelligence Agency (2016), the Department of State (2015), and geographic data companies Esri (2014) and DeLorme (2014).

To date, most observers perceive that little has been achieved in implementing the provisions of Minsk-2, despite commitments made by all sides. Although the conflict’s intensity has subsided at various times, a new round of serious fighting arose at the end of January 2017 and lasted for several days. As of mid-May 2017, the Office of the U.N. High Commissioner for Human Rights estimated that the conflict had led to at least 10,090 combat and civilian fatalities.⁸¹

Moscow officially denies Russia’s involvement in the conflict outside of Crimea, where there are an estimated 28,000-29,000 Russian troops; most observers agree, however, that Russia has unofficially deployed troops to fight, helped recruit Russian “volunteers,” and supplied Donbas

⁸¹ The Office of the U.N. High Commissioner for Human Rights estimated that this figure includes at least 2,777 civilian deaths (including the 298 individuals who died in the July 17, 2014, shutdown of Malaysian Airlines Flight 17). Office of the U.N. High Commissioner for Human Rights, *Report on the Human Rights Situation in Ukraine: 16 February 2017 to 15 May 2017*, pp. 2, 7, at http://www.ohchr.org/Documents/Countries/UA/UAReport18th_EN.pdf.

separatists with weapons and armed vehicles.⁸² Estimates of the number of Russian troops in eastern Ukraine have declined since their height in 2015.⁸³ In March 2017 testimony to a Senate Appropriations Subcommittee, Ukrainian Minister of Foreign Affairs Pavlo Klimkin said that there were now about 4,200 Russian troops in the region (together with around 40,000 militants, presumably a combination of local and Russian fighters).⁸⁴

NATO-Russia Relations⁸⁵

The Ukraine conflict has heightened long-standing tensions between NATO and Russia. Three days after Russia's annexation of Crimea, then-NATO Secretary-General Anders Fogh Rasmussen declared that NATO could "no longer do business as usual with Russia."⁸⁶ Accordingly, Russian actions in Ukraine resulted in a series of actions by NATO and its members intended to counter Moscow and to reassure Central and Eastern European allies that NATO will protect them against potential future acts of Russian aggression.

Even before the Ukraine conflict, post-Cold War efforts to build a cooperative NATO-Russia partnership had at best mixed results. Allies sought to assure a suspicious and skeptical Russia that NATO did not pose a security threat or seek to exclude Russia from Europe. The principal institutional mechanism for NATO-Russia relations is the NATO-Russia Council (NRC), which was established in May 2002, five years after the 1997 NATO-Russia Founding Act provided the formal basis for bilateral cooperation. Recognizing that NATO and Russia face many of the same global challenges and share similar strategic priorities, Russian and NATO leaders structured the NRC as a forum of equal member states, with goals that included political dialogue on security issues, the determination of common approaches, and the conduct of joint operations.⁸⁷ Formal meetings of the NRC were suspended in April 2014 and resumed in 2016.

Prior to the suspension over events in Ukraine, NATO and Russia had identified a number of areas for cooperation. In 2010, they endorsed a Joint Review of 21st Century Security Challenges, intended to serve as a platform for cooperation.⁸⁸ The review identified several common security

⁸² For a recent official Ukrainian estimate of the size and composition of the Russian military force in Crimea, see Testimony of Pavlo Klimkin, in U.S. Congress, Senate Appropriations Subcommittee on State, Foreign Operations, and Related Programs, *Russian Policies & Intentions Toward Specific European Countries*, hearings, 115th Cong., 1st sess., March 7, 2017. Transcript available at <http://www.cq.com/doc/congressionaltranscripts-5056818>. For additional background on Russia's militarization of Crimea, see Reuters, "In Crimea, Russia Signals Military Resolve with New and Revamped Bases," November 1, 2016, and Dave Gilbert and Fred Pleitgen, "Russia Puts on Show of Military Strength in Crimea," CNN, September 9, 2016.

⁸³ In March 2015, a few weeks after the Minsk-2 peace agreement was signed, the U.S. Army Europe Commander, Lieutenant General Ben Hodges, estimated that there were around 12,000 Russian troops in eastern Ukraine. Reuters, "Some 12,000 Russian Soldiers in Ukraine Supporting Rebels: U.S. Commander," March 3, 2015. One detailed study of the Russian military presence in Ukraine and combat deaths is James Miller et al., *An Invasion by Any Other Name: The Kremlin's Dirty War in Ukraine*, The Interpreter (Institute of Modern Russia), September 2016, at <http://www.interpretermag.com/an-invasion-by-any-other-name-the-kremlins-dirty-war-in-ukraine/>.

⁸⁴ Testimony of Pavlo Klimkin, in U.S. Congress, *Russian Policies & Intentions Toward Specific European Countries*, March 7, 2017.

⁸⁵ This section draws on CRS Report R43478, *NATO: Response to the Crisis in Ukraine and Security Concerns in Central and Eastern Europe*, coordinated by Paul Belkin, and CRS Report R44550, *NATO's Warsaw Summit: In Brief*, by Paul Belkin.

⁸⁶ NATO, "A Strong NATO in a Changed World," speech by NATO Secretary-General Anders Fogh Rasmussen at the Brussels Forum, March 21, 2014, at http://www.nato.int/cps/en/natohq/opinions_108215.htm.

⁸⁷ NATO, "NATO-Russia Council," April 15, 2016, at http://www.nato.int/cps/en/natohq/topics_50091.htm.

⁸⁸ NATO, "NATO-Russia Council Joint Statement," November 20, 2010, at http://www.nato.int/cps/en/natohq/news_68871.htm.

challenges, including instability in Afghanistan, terrorism, and the proliferation of weapons of mass destruction. In the past, observers highlighted operations related to Afghanistan as a key example of enhanced NATO-Russia cooperation. From 2009, Russia allowed the transit over its territory (via air and land) of cargo for NATO's International Security Assistance Force (ISAF) in Afghanistan. In partnership with the U.N. Office on Drugs and Crime (UNODC), Russia and NATO member states also jointly trained Afghan, Pakistani, and Central Asian counternarcotics officers, with a view toward reducing narcotics transit to and through Russia. In 2011, NATO and Russia established a Helicopter Maintenance Trust Fund to provide maintenance training and spare parts for Afghanistan's Russian-produced helicopters.⁸⁹

Nonetheless, disagreements within the alliance and between NATO and Russia persisted on some core issues. In particular, although a 2010 agreement to pursue cooperation on missile defense was seen as a significant breakthrough, ensuing negotiations were marked by disagreement and increasingly vocal Russian opposition to NATO plans.

After Russia's actions in Ukraine, NATO moved to implement what its leadership characterized as the greatest reinforcement of NATO's collective defense since the end of the Cold War.⁹⁰ Measures taken to reassure allies in Central and Eastern Europe and to deter further Russian aggression include the following:

- New Enhanced Forward Presence (EFP) of four multinational combat battalions of about 1,000-1,200 troops each in Poland and the three Baltic states. The four battalions, in operation since early 2017, are led by the United Kingdom (in Estonia), Canada (Latvia), Germany (Lithuania), and the United States (Poland).
- Significant increase in NATO military exercises in Central and Eastern Europe and a bolstered naval and air presence, including through NATO's Baltic Air Policing mission.
- Expansion of the NATO Response Force (NRF)—a multinational defense force—from 13,000 to 40,000 troops and creation of a new rapid-reaction Very High Readiness Joint Task Force (VJTF) within the NRF of approximately 5,000 ground forces capable of deploying at short notice.
- New command-and-control capacities in Central and Eastern Europe, including multinational headquarters in Poland and Romania.

The United States has been a key architect of and contributor to NATO's reassurance and deterrence initiatives, and it has sought to bolster U.S. force posture in Europe in response to Russian actions. The enhanced U.S. military presence in Eastern Europe—dubbed Operation Atlantic Resolve—has primarily consisted of increased rotational deployments of air, ground, and naval assets and a significant increase in military exercises.⁹¹ To fund these increased U.S. military activities, Congress appropriated around \$5.2 billion from FY2015 to FY2017 for a new European Reassurance Initiative (ERI, also referred to as the European Deterrence Initiative). In

⁸⁹ NATO, "NATO-Russia Counter-Narcotics Training Reaches Milestone," April 19, 2012, at http://www.nato.int/cps/en/natohq/news_86310.htm; NATO, "NATO-Russia Council Expands Helicopter Maintenance Trust Fund Project for Afghanistan," April 23, 2013, at http://www.nato.int/cps/en/natohq/news_100106.htm.

⁹⁰ For details, see NATO, "Boosting NATO's Presence in the East and Southeast," updated August 11, 2017, at http://www.nato.int/cps/en/natohq/topics_136388.htm; NATO, "NATO's Enhanced Forward Presence," fact sheet, May 2017, at http://www.nato.int/nato_static_fl2014/assets/pdf/pdf_2017_05/1705-factsheet-efp.pdf; NATO, "NATO Response Force," updated January 16, 2017, at http://www.nato.int/cps/en/natohq/topics_49755.htm.

⁹¹ For details on Operation Atlantic Resolve, see the Department of Defense's OAR website at http://www.defense.gov/home/features/2014/0514_atlanticresolve/.

its proposed FY2018 budget, the Trump Administration requested \$4.8 billion for ERI, a 40% increase over the Obama Administration's FY2017 request.

Recent Air and Sea Incidents

Since 2014, Russia has adopted an increasingly aggressive posture with its air and sea patrols and military exercises. According to the Lithuanian Defense Ministry, for example, NATO fighter jets scrambled to intercept Russian aircraft nearing or, in some cases, entering Baltic countries' airspace 140 times in 2014, 160 times in 2015, and 110 times in 2016. A 2014 report by the European Leadership Network provided a list of selected "high risk" or "serious" incidents during that year, including the following:

- In March 2014, a Russian military reconnaissance aircraft flying with its transponder switched off to avoid commercial radar came within 100 meters of colliding with an SAS 737 passenger plane taking off from Copenhagen. Another similar episode occurred in December 2014.
- On four separate instances during 2014, Russian fighter aircraft intercepted U.S. and Swedish reconnaissance aircraft.
- In April 2014, an unarmed Russian fighter aircraft made 12 low-altitude passes of the destroyer USS *Donald Cook* in the Black Sea, coming within 1,000 meters at an altitude of 150 meters. In September 2014, Russian fighters flew within 300 meters of the Canadian frigate HCMS *Toronto* in the Black Sea.
- In June 2014, Russian aircraft approached the Danish island of Bornholm in what appeared to be a simulated attack. In September 2014, Russian aircraft over the Labrador Sea practiced cruise-missile attacks against the U.S. mainland and Russian aircraft violated Swedish airspace while conducting a mock bombing run.
- In September 2014, Russian officials detained a Lithuanian shipping vessel operating in international waters in the Barents Sea and towed it to Murmansk.
- A "massive outburst" of Russian air activity occurred along NATO's borders in October 2014 in conjunction with a large Russian military aviation exercise.

Selected reported incidents from 2015 to 2017 include the following:

- In June 2015, six unarmed SU-24s flew 500 meters from the destroyer USS *Ross* in international waters in the Black Sea.
- In October 2015, U.S. fighter aircraft intercepted two TU-142 reconnaissance/antisubmarine aircraft that reportedly came within one nautical mile of the aircraft carrier USS *Ronald Reagan* east of the Korean peninsula.
- In January 2016, an SU-27 reportedly came within 5 meters of a U.S. RC-135 over the Black Sea.
- On two occasions in April 2016, SU-27s came within 15-25 meters of a U.S. RC-135 reconnaissance aircraft in international airspace over the Baltic Sea and reportedly performed a barrel roll over the top of the U.S. aircraft.
- On two other occasions in April 2016, Russian SU-24 bombers made several low-altitude passes of the USS *Donald Cook* in the Baltic Sea, reportedly coming within 10 meters of colliding with the ship.
- In September 2016, an SU-27 fighter aircraft intercepted a U.S. Navy P-8 conducting routine operations in international airspace over the Black Sea, reportedly coming within 3 meters of a collision at one point.
- In September 2016, fighter jets from Norway, the United Kingdom (UK), France, and Spain consecutively intercepted two TU-160 bombers that flew near Norway and onward near the UK, Ireland, France, and Spain.
- In February 2017, an SU-24 fighter aircraft flew within 200 meters of the USS *Porter* guided missile destroyer in the Black Sea. Another two SU-24 aircraft and an IL-38 maritime patrol aircraft also flew near the destroyer.
- In April and May 2017, U.S. fighter aircraft intercepted Russian Tu-95 bombers, IL-38 maritime patrol aircraft, and Su-35 fighter aircraft near Alaska in five separate incidents, including on four consecutive days in April. These were reportedly the first such flights since 2015.
- In May 2017, an SU-27 fighter aircraft flew within approximately 6 meters of a U.S. Navy P-8 surveillance plane over the Black Sea. Despite the close distance (around 20 feet), a U.S. Navy spokesperson characterized the encounter as "safe and professional."
- In June 2017, an SU-27 fighter aircraft flew within 1.5 meters (5 feet) of a U.S. RC-135 reconnaissance aircraft over the Baltic Sea in an encounter a U.S. official referred to as "unsafe."

Sources: Damien Sharkov, "NATO: Russian Aircraft Intercepted 110 Times Above Baltic in 2016," *Newsweek*, January 4, 2017; European Leadership Network, "Dangerous Brinkmanship: Close Military Encounters Between Russia and the West in 2014," November 2014; and European Leadership Network, "Russia-West Dangerous Brinkmanship Continues," March 12, 2015; additional media reports (full citation information available from the author).

Note: Prepared with Derek E. Mix, Analyst in European Affairs.

EU-Russia Relations⁹²

Like NATO, the EU has had to reconsider its relationship with a more assertive Russia and the implications for European security and stability. Especially after the July 2014 shutdown of Malaysian Airlines Flight 17 over Ukraine, the EU closely coordinated with the United States in imposing sanctions on Russia (see “U.S. Sanctions on Russia,” below). Even after the imposition of sanctions, Russia is the EU’s fourth-largest trade partner (behind the United States, China, and, since 2015, Switzerland) and main supplier of natural gas (see **Table 2**, above).

Crafting common EU policies has been challenging, given various EU member states’ different national histories and economic relations with Russia. Many in the EU have long advocated for a pragmatic “strategic partnership” with Russia based largely on commercial and energy ties, as well as practical cooperation on certain foreign policy issues. Others, such as Poland and the Baltic states, by contrast, have tended to view Russia more as a potential threat to themselves and their neighbors.

The sharpness of such divisions within the EU appeared to diminish before 2014, but Russia’s annexation of Crimea caused a distinct shift in perceptions across the board. Pragmatists moved more into alignment with those who have tended to view Russia with greater wariness.

Furthermore, many in Europe have expressed concern about Russia’s efforts to expand its influence on the continent by other than military means. Media reports and outside experts contend that the Russian government is seeking to influence European political discourse, policymaking, and electoral processes with an array of tools. Such measures reportedly have included the use of disinformation, the spread of fake news, cyberattacks on government or political party computer systems, and the cultivation of relations with European political parties and allies broadly sympathetic to Russian views. Efforts by the Russian government to influence Europe’s political landscape appear aimed at sowing disunity and destabilizing the EU and NATO.

In recent years, a new and increasingly evident ideological link has appeared between European far-right parties and the Russian leadership.⁹³ Most of these far-right parties tend to be antiestablishment and anti-EU, and they often share some combination of extreme nationalism; a commitment to “law and order” and traditional family values; and anti-immigrant, anti-Semitic, or anti-Islamic sentiments. A few parties on the left or far left also appear to harbor more friendly views toward Russia.

Concrete evidence of direct financial support from the Russian government to European political parties is difficult to identify. Widespread speculation exists, however, that the Russian government has funneled money through Russian banks or other organizations and individuals to far-right parties in Europe. Many suggest that Russia also has been proactive in offering organizational expertise, political know-how, and media assistance to parties on Europe’s far right. Russian support reportedly has included establishing and coordinating pro-Russian parties, nongovernmental civil organizations, and think tanks, and supporting friendly media outlets.⁹⁴

⁹² This section was coauthored with Derek E. Mix, Specialist in European Affairs. Also see CRS Report R44249, *The European Union: Current Challenges and Future Prospects*, by Kristin Archick.

⁹³ See, for example, Dalibor Rohac, Edit Zgut, and Lorant Gyori, *Populism in Europe and Its Russian Love Affair*, American Enterprise Institute, January 2017, at <http://www.aei.org/wp-content/uploads/2017/01/Populism-in-Europe-and-Its-Russian-Love-Affair.pdf>; and Alina Polyakova et al., *The Kremlin’s Trojan Horses*, Atlantic Council, November 2016, at <http://www.atlanticcouncil.org/publications/reports/kremlin-trojan-horses>.

⁹⁴ Political Capital Institute, *The Russian Connection: The Spread of Pro-Russian Policies on the European Far Right*, (continued...)

Many experts note that the Russian government under Putin has become very sophisticated in its efforts to exert influence in Europe. At the same time, analysts point out that many European countries have been dealing with Russian disinformation and political meddling for decades, although they acknowledge that Russia's digital and cyber capabilities have greatly increased in recent years.

Russia-China Relations⁹⁵

Russia and China have many reasons to cooperate. Both countries have a desire to counter what they see as U.S. hegemony, regionally and worldwide. Both are wary of the U.S. military presence in Asia and often criticize U.S. efforts to upgrade the United States' defense capabilities with its treaty allies, Japan and South Korea. Both hold vetoes on the U.N. Security Council and often work together to adjust or oppose U.N. Security Council resolutions that are supported by Western states.

China and Russia are far from embracing a full alliance with one another, however. To a large extent, the partnership depends on external events in a web of relationships around the world. U.S. behavior may be the largest variable: to the extent that China and Russia feel the United States is challenging their strategic space, they may feel driven to develop stronger relations. In recent years, Beijing has not wanted to enter into an explicitly anti-Western alliance; its trade volume with the United States dwarfs that with Russia, and it has been loath to confront the West directly.

Russia's intervention in Ukraine also has affected its relations with China. On the one hand, the intervention drove closer cooperation and a strong show of solidarity as Western countries imposed sanctions and attempted to isolate Putin diplomatically. On the other hand, it also created an imbalance in the relationship, as Moscow's need for Beijing's support increased. Beijing also appeared to be uneasy with Russia's invasion of Ukraine, which was at odds with China's official statements concerning respect for the sovereignty, independence, and territorial integrity of other countries.

Tensions also have periodically risen because of a perception in Russia that large numbers of Chinese migrants are crossing the border for possible economic opportunity in the sparsely populated Russian Far East. Many observers assert that the numbers of Chinese in Russia are much lower than suspected, and some suggest that the flow of Chinese migrants from Russia may now be going in the other direction, given the comparative economic vibrancy of the Chinese side.⁹⁶

China is Russia's largest trading partner, but Russia does not rank in China's top 10 partners. Trade between the two countries declined substantially in 2015, with Chinese exports to Russia falling by more than 30% and Chinese imports from Russia falling by more than 20% (mostly due to the steep drop in energy prices). In 2016, bilateral trade increased modestly, primarily on the

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March 14, 2014, at http://politicalcapital.hu/library.php?article_read=1&article_id=100.

⁹⁵ This section draws on CRS Report R44613, *Northeast Asia and Russia's "Turn to the East": Implications for U.S. Interests*, by Emma Chanlett-Avery.

⁹⁶ For example, Alexander Gabuev, *Friends with Benefits? Russian-Chinese Relations After the Ukraine Crisis*, Carnegie Moscow Center, June 29, 2016, p. 23, at http://carnegieendowment.org/files/CEIP_CP278_Gabuev_revised_FINAL.pdf.

basis of growing Chinese exports to Russia (whereas Russian imports to China declined by a small amount).

Energy deals have played an important role in Russia and China's partnership, particularly after Moscow's relations with the West soured after its actions in Ukraine. China has been willing to sign large oil-for-loan deals with Russia, which has supplied around 14% of China's crude oil imports since 2012.⁹⁷ In 2014, China and Russia signed an agreement to construct a major gas pipeline, the "Power of Siberia," which the two countries say will start transporting gas by the end of 2019. Russia and China have discussed additional gas pipeline routes, although construction plans have been repeatedly postponed.⁹⁸

Russia-China security relations have advanced significantly in recent years. Under the auspices of the multilateral Shanghai Cooperation Organization (SCO), Russia and China have held increasingly large and sophisticated bilateral and multilateral military exercises, dubbed "Peace Mission," since 2005.⁹⁹ They also have held joint naval drills since 2012, most recently in the Mediterranean Sea and the Sea of Japan in 2015, the South China Sea in 2016, and the Baltic Sea in 2017. Some analysts say that by holding these high-profile exercises, Beijing and Moscow intend to send strong signals to the West, particularly the United States.¹⁰⁰

Russia's Intervention in Syria¹⁰¹

Russian military involvement in Syria dates back to the 1950s, when the former Soviet Union courted Syrian nationalist rulers as a counterbalance to U.S. regional partners. Soviet and Russian naval forces have accessed a facility at the Syrian port of Tartus since the early 1970s, using it as a logistical hub to enable longer Mediterranean operations. Former Syrian President Hafez al Asad (1971-2000) regularly hosted Soviet military and economic advisers but resisted Moscow's attempts to leverage Russian military assistance to gain greater or permanent access to shore facilities. Before the start of Russia's current intervention in Syria, Russian personnel continued to be based in Syria to maintain Russian military equipment and train Syrians, although their numbers fluctuated over time.

After the NATO-led 2011 military intervention in Libya, the Russian government came out more strongly in support of President Bashar al Asad's regime. Moscow supplied Damascus with military and financial assistance. It also provided Asad with diplomatic support, insisting that U.N. efforts to promote the establishment of a transitional government focus on brokering an agreement between the Syrian government and rebel movements, rather than what the United States and its allies typically characterized as the negotiated departure of Asad.¹⁰² Despite their

⁹⁷ U.S. Energy Information Administration, "More Chinese Crude Oil Imports Coming from Non-OPEC Countries," April 14, 2017, at <https://www.eia.gov/todayinenergy/detail.php?id=30792>.

⁹⁸ Olesya Astakhova and Oksana Kobzeva, "Russia-China Talks Over New Gas Routes Stalled: Sources," Reuters, June 7, 2017, at <http://www.reuters.com/article/us-russia-china-energy-idUSKBN18Y1TX>; Gazprom, "Russian Gas Supplies to China via Power of Siberia to Start in December 2019," July 4, 2017, at <http://www.gazprom.com/press/news/2017/july/article340477/>.

⁹⁹ The Shanghai Cooperation Organization also includes Kazakhstan, Kyrgyzstan, Tajikistan, Uzbekistan, and (since June 2017) India and Pakistan. Afghanistan, Belarus, Iran, and Mongolia have observer status.

¹⁰⁰ For details, see Richard Weitz, *Parsing Chinese-Russian Military Exercises*, Strategic Studies Institute, U.S. Army War College, April 2015, at <http://www.strategicstudiesinstitute.army.mil/pdffiles/PUB1266.pdf>.

¹⁰¹ This section was coauthored with Carla Humud, Analyst in Middle Eastern Affairs, and Christopher Blanchard, Specialist in Middle Eastern Affairs. For an overview of the Syria conflict, see CRS Report RL33487, *Armed Conflict in Syria: Overview and U.S. Response*, coordinated by Carla E. Humud.

¹⁰² For background on Russia's Syria policy, see Dmitri Trenin, *The Mythical Alliance: Russia's Syria Policy*, Carnegie (continued...)

differences, Russia and the United States cooperated in the United Nations and with the League of Arab States in a fitful and unsuccessful string of peacemaking endeavors. In September 2013, the Russian government made a surprise proposal to work with the United States in establishing an international mission to remove chemical weapons from Syria as a way to avoid U.S. military intervention.

Over the summer of 2015, Moscow began a gradual buildup of Russian personnel, combat aircraft, and military equipment in Syria. Russia then began airstrikes in September,¹⁰³ initially focusing on Syrian opposition targets, including some groups reportedly backed by the United States. In 2016, Russia expanded its targeting to include Islamic State forces, although it continued to occasionally target U.S.-backed rebel groups. In addition, Russia continues to resupply Syrian military forces, although Russian officials have stated they are merely fulfilling existing contracts.

To date, airstrikes have constituted Russia's primary offensive military effort in Syria. These strikes have enabled forces loyal to Asad to reverse some opposition gains, particularly in and around Aleppo. Russia's introduction of advanced air defense systems in Syria also reportedly constrains the ability of other aircraft to operate freely in the area and complicates proposals calling for the establishment of a no-fly zone. At the same time, Russia has pushed for cooperation between U.S. and Russian military forces in Syria against terrorist groups, which in Russia's view include a number of groups fighting the Asad government. Russian ground forces in Syria appear to have played a limited combat role and seem to be focused primarily on defending Russian bases and installations, although some may be embedded as advisers with Syrian military forces.¹⁰⁴

Russia's transfer of modernized weapons systems to the Syrian military, which prior to the unrest had relied on older Russian (or even Soviet-era) equipment, has bolstered the capabilities of Asad government forces. It also has provided the Russian military with an opportunity to test new weapons systems and a platform to market Russian equipment to potential regional buyers. In early 2017, Russian Defense Minister Sergei Shoigu stated that Russia had tested 162 types of weapons in Syria.¹⁰⁵ Russian media have highlighted the performance of the T-90 battle tank in Syria, claiming that it is able to withstand strikes from U.S.-made TOW missiles.¹⁰⁶

Going forward, Russia may continue operations against Syrian rebel groups, with the aim of weakening any credible or capable opposition to the Asad government. This course of action

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Moscow Center, February 2013, at <http://carnegie.ru/2013/02/12/mythical-alliance-russia-s-syria-policy-pub-50909>; and Samuel Charap, "Russia, Syria and the Doctrine of Intervention," *Survival: Global Politics and Strategy*, vol. 55, no. 1 (2013), pp. 35-41.

¹⁰³ In October 2015, the United States and Russia signed a memorandum of understanding to establish a safety-of-flight protocol for aircraft operating in the same airspace.

¹⁰⁴ See Mark Galeotti and Jonathan Spyer, "Russia to Defend Core Syrian Government Areas," *IHS Jane's Intelligence Review*, September 22, 2015; Jeffrey White, "Russia's Military Strategy in Syria Becoming Clearer as Its Forces Engage in Combat," Washington Institute for Near East Policy, Policy Watch 2503, October 9, 2015, at <http://www.washingtoninstitute.org/policy-analysis/view/russias-military-strategy-in-syria-becoming-clearer-as-its-forces-engage-in>; and Dmitry Gorenburg and Michael Kofman, "There Is No Russian Withdrawal from Syria," *War on the Rocks*, March 18, 2016, at <https://warontherocks.com/2016/03/there-is-no-russian-withdrawal-from-syria/>.

¹⁰⁵ Lucian Kim, "Russian Defense Minister Says His Military Has Tested 162 Weapons In Syria," *NPR*, February 23, 2017, at <http://www.npr.org/sections/parallels/2017/02/23/516895124/russian-defense-minister-says-his-military-has-tested-162-weapons-in-syria>.

¹⁰⁶ Mansur Mirovalev, "How Russia's Military Campaign in Syria is Helping Moscow Market Its Weapons," *Los Angeles Times*, November 25, 2017, at <http://www.latimes.com/world/la-fg-russia-weapons-20161118-story.html>.

could place the Syrian regime in a stronger negotiating position vis-à-vis rebels, while also accomplishing Russia's goal of avoiding Western-led regime change in Syria. In the short term, Russia potentially could extend its operations in Islamic State-held areas of central and eastern Syria. Over the long term, Russia may seek to retain influence with the Syrian government by continuing to advise and assist the Syrian military. Russia has agreements to maintain a long-term presence at both the Tartus naval facility and the Hmeimim airbase in Latakia.

Russia has adopted an increasingly active role in political negotiations between the Syrian government and opposition groups. Since January 2017, Russia, Turkey, and Iran have hosted peace talks in Astana, Kazakhstan. During a fourth round of talks in early May, representatives of Russia, Iran, and Turkey signed a memorandum calling for the creation of four "de-escalation areas" in Syria.¹⁰⁷ The memorandum stipulated that the de-escalation areas be administered by forces from the three signatory countries, or "guarantors," raising the possibility that these areas might become de facto spheres of influence for Russia, Iran, or Turkey, and generate an additional influx of personnel from those countries into Syria.¹⁰⁸ Laying the groundwork for two of the four de-escalation areas, Russia has deployed military police and set up monitoring stations in the eastern suburbs of Damascus and in southwestern Syria, along the Jordanian border.¹⁰⁹ The planned de-escalation area in southwestern Syria emerged from a cease-fire deal brokered in July by the United States, Russia, and Jordan.¹¹⁰

Analysts have offered a variety of motivations for Russia's intervention in Syria.¹¹¹ In general, the series of losses suffered by forces of the Russian-backed Syrian government in 2015, U.S. and other third-party security assistance to Syrian opposition groups, the growth of the Islamic State organization in Syria, and the potential for broader U.S.-led coalition military operations all may have contributed to Russia's decision to enter the conflict directly.

In 2015, the prospect of Asad's defeat had several negative implications for Russia. It would have meant the loss of a key partner in the Middle East, a region in which Russia had begun to expand its influence to help establish itself as a global power and peer competitor to the United States. It also would have set another major precedent for a U.S. military-backed transition in the Middle East after Iraq and Libya, something Moscow firmly opposed. Finally, Russian authorities insisted that the final beneficiary of the Asad regime's collapse would be the Islamic State and other extremists who would be the likely victors in the ensuing contest for national power.

Such an outcome, in turn, could promote the spread of Islamist extremism to other countries, including within Central Asia and Russia itself. Russian authorities have said that up to a few thousand Russian citizens, predominantly from Muslim-populated republics in the North Caucasus, have fought with the Islamic State and other extremist movements in Syria and Iraq.

¹⁰⁷ The areas are to be located in four noncontiguous parts of Syria: Idlib Province and its surroundings, some parts of northern Homs Province, eastern Ghouta in the Damascus suburbs, and parts of the southern provinces of Dar'a and Quneitra.

¹⁰⁸ A fifth round of talks in early July 2017 proved inconclusive, and the issue of where to draw the borders of the de-escalation areas was postponed to a sixth round of talks scheduled for the end of August 2017.

¹⁰⁹ *Al-Araby al-Jadeed*, "Russian Troops 'Man Checkpoints' in Syria's Flash-Point Eastern Ghouta," July 26, 2017, at <https://www.alaraby.co.uk/english/news/2017/7/26/russian-troops-man-checkpoints-in-syrias-flash-point-ghouta>.

¹¹⁰ Jeff Mason and Denis Dyomkin, "Partial Ceasefire Deal Reached in Syria, in Trump's First Peace Effort," Reuters, July 07, 2017, at <http://www.reuters.com/article/us-mideast-crisis-syria-ceasefire-idUSKBN19S2DG>.

¹¹¹ See, for example, Paul Stronski, "Russia's Fight in Syria Reflects the Kremlin's Fears at Home," Reuters, September 29, 2015, at <http://blogs.reuters.com/great-debate/2015/09/28/russias-fight-in-syria-follows-a-dangerous-pattern>, and Ekaterina Stepanova, *Russia's Policy on Syria After the Start of Military Engagement*, Policy Memo No. 421, PONARS Eurasia, at <http://www.ponarseurasia.org/memo/russias-policy-syria-after-start-military-engagement>.

Since Russia's intervention, commanders once affiliated with the Al Qaeda-aligned Islamic Emirate of the Caucasus, established in 2007, reportedly have pledged allegiance to the Islamic State and formed a local affiliate, the Wilayah Kawkaz.

Russia's leadership may have believed that intervention, although potentially risky, could help to avoid these negative outcomes by shoring up the Asad regime, bolstering Russian influence, and staving off the collapse of the state and a takeover by Islamist extremists. In addition, analysts have suggested that international criticism and sanctions related to Russia's actions in Ukraine encouraged the Russian government to seek ways to reassert its global influence.¹¹² By intervening in Syria, Moscow could demonstrate its ability to project military power past its immediate neighborhood, test existing and new capabilities, and make Russia an unavoidable diplomatic player on an issue of significance to the United States and other countries.

Russia's Global Engagement

With the exception of Russia's relations with China and its Syria intervention, Russia's foreign policy priorities traditionally have focused primarily on the post-Soviet region and the West. However, Russia (like the Soviet Union before it) actively pursues foreign relations on a global scale. Russia plays a significant global role as one of five permanent members of the U.N. Security Council. Until its annexation of Crimea in 2014, Russia was a member of the Group of Eight (G8), together with the West's seven leading economies (including Japan).¹¹³ It is also a member of BRICS, an alternative group of states with large economies that also includes Brazil, India, China, and South Africa. In these and other international fora, Russia has engaged on global issues such as nonproliferation (including combatting the nuclear weapons programs of Iran and North Korea), counterterrorism, counterpiracy, and global health challenges. Russia is a leading oil and gas exporter (see "Energy Sector," above) and, over the last several years, the second-largest major weapons exporter in the world (its top clients include India, China, Vietnam, and Algeria).¹¹⁴ Russia has constructed nuclear power plants in Europe, Iran, India, and China, with more under construction or planned.

In addition, Russia has cultivated a variety of bilateral partnerships around the globe. In Asia, Russia also has cultivated good relations with Japan, with which it still has a territorial dispute over islands Russia annexed at the end of World War II, as well as with India, Pakistan (more recently), Afghanistan, Vietnam, and across Southeast Asia.¹¹⁵ In the Middle East, Russia's Syria intervention is exceptional in scope but reflects a long-standing policy of fruitful relations with regional governments including Algeria, Egypt, Iran, Iraq, and Libya. In Latin America, Russia has sought to reengage with Soviet-era partners Cuba and Nicaragua, as well as Venezuela, Brazil, and others. In sub-Saharan Africa, Russia has not developed similarly strong relations; however, it has begun to expand its focus on this region, where the Soviet Union used to have several close partners.

¹¹² For example, Stepanova, *Russia's Policy on Syria after the Start of Military Engagement*; Joshua Yaffa, "Putin, Syria, and Why Moscow Has Gone War-Crazy," *New Yorker*, October 14, 2016, at <http://www.newyorker.com/news/news-desk/putin-syria-and-why-moscow-has-gone-war-crazy>.

¹¹³ This group has since returned to the status of the Group of Seven (G7).

¹¹⁴ CRS Report R44716, *Conventional Arms Transfers to Developing Nations, 2008-2015*, by Catherine A. Theohary; Stockholm International Peace Research Institute (SIPRI), "Increase in Arms Transfers Driven by Demand in the Middle East and Asia, says SIPRI," February 20, 2017, at <https://www.sipri.org/media/press-release/2017/increase-arms-transfers-driven-demand-middle-east-and-asia-says-sipri>.

¹¹⁵ For more on U.S.-Japan relations, see CRS Report R44613, *Northeast Asia and Russia's "Turn to the East": Implications for U.S. Interests*, by Emma Chanlett-Avery.

The Military¹¹⁶

Russia's armed forces surprised most U.S. and European observers with their actions in Ukraine starting in March 2014 and in Syria from September 2015. Since the end of the Cold War, conventional wisdom about the Russian military has tended to indicate a force in relative decline, with aging Soviet-era equipment and with technology and a philosophy of warfare lagging well behind that of the United States and other NATO members. Analysts have noted that the shortcomings of Russia's military appeared to be confirmed by its relatively lackluster performance in the 2008 conflict with Georgia (see "Russia and Other Post-Soviet States," above).

Over the past three years, however, many analysts have been struck by the improved capabilities exhibited by the Russian military, as well as the unexpected ways in which Russia has used its military:

- Russian special forces, elite airborne troops, and naval infantry effected a swift and bloodless seizure of Ukraine's Crimea region in March 2014.
- The subsequent Russian involvement in the conflict in eastern Ukraine highlighted the practice of "hybrid warfare," centered on the use of irregular "separatist" forces covertly backed by regular military troops, along with an information and propaganda campaign orchestrated to create misdirection and spread an alternate international narrative.
- The campaign in Syria, in addition to serving a number of broader Russian interests and diplomatic objectives, has allowed Russia to test and display how various components of its military work together in an expeditionary setting.
- The Syria operation has demonstrated noteworthy capabilities, such as the launch of long-range cruise missiles from naval vessels in the Caspian Sea and the deployment of Russia's most modern combat aircraft. It also has highlighted the Russian military's ability to effect "area denial" with an air defense "bubble" of overlapping advanced missile systems.¹¹⁷
- At the same time, Russia has been upgrading or constructing new facilities in the Arctic and reactivating Soviet bases in the Arctic that fell into disuse with the end of the Cold War. In December 2014, Russia launched a new Arctic Joint Strategic Command. In addition, Russia has been forming two new brigades specializing in Arctic warfare.
- Over the past several years, Russia also has adopted an increasingly aggressive posture with its air and sea patrols and military exercises (see "Recent Air and Sea Incidents" text box, above).

¹¹⁶ This section was coauthored with Derek E. Mix, Analyst in European Affairs.

¹¹⁷ Thomas Gibbons-Neff, "Top NATO General: Russians Starting to Build Air Defense Bubble over Syria," *Washington Post*, September 29, 2015, at <https://www.washingtonpost.com/news/checkpoint/wp/2015/09/29/top-nato-general-russians-starting-to-build-air-defense-bubble-over-syria>.

Russian Military Modernization

Since 2008, Russia's military has undergone substantial reforms. The reform program has focused largely on streamlining command structures and increasing professionalization, increasing unit combat readiness and personnel training, and reequipping forces through an ambitious acquisition program. Although many of Russia's reform efforts have faced myriad challenges, partial reversals, and other setbacks, some of the efforts appear to have been at least partly successful in achieving their objectives and yielding improved capabilities.

Russia also has pursued an ambitious modernization program as it steadily increased defense spending, at least until 2016, when the defense budget declined for the first time in years. In 2010, Russia announced a new 10-year State Armaments Program (SAP) for 2011-2020, calling for approximately 20 trillion rubles in new weapons procurement over that period. (This figure amounted to approximately \$664 billion at the time but is approximately \$333 billion as of August 2017 due to depreciation of the ruble.) Prior to returning to the presidency in 2012, Prime Minister Putin outlined the procurement goals of the SAP:

In the coming decade, Russian armed forces will be provided with over 400 modern land and sea-based inter-continental ballistic missiles, 8 strategic ballistic missile submarines, about 20 multi-purpose submarines, over 50 surface warships, around 100 military spacecraft, over 600 modern aircraft including fifth generation fighter jets, more than 1,000 helicopters, 28 regimental kits of S-400 air defense systems, 38 battalion kits of Vityaz missile systems, 10 brigade kits of Iskander-M missile systems, over 2,300 modern tanks, about 2,000 self-propelled artillery systems and vehicles, and more than 17,000 military vehicles.

The plan calls for upgrading 11% of military equipment each year, with a final goal of increasing the share of modern weaponry to 70% of total inventory by 2020. For 2015, Putin related the expected share of "modern weapons" was 32% in the Army, 33% in the Air Force, 40% in airborne units, and "over 50%" in the Navy and aerospace defense forces. Some analysts have questioned the definition of *modern* in this context, noting that in some cases the term appears to include newer versions of older designs.

Although the SAP has achieved some significant results, the process also has faced considerable challenges and encountered delays. Since 2014, the Russian economy has been negatively affected by falling oil prices and international sanctions, with a prolonged recession accompanied by severe currency depreciation, high inflation, and increased capital flight. The downturn has strained public finances and complicated long-term budgetary and planning efforts. Accompanying an overall decline in defense spending from 2016, the approval of a new 30-trillion ruble (currently over \$500 billion) SAP for the period 2016-2025 was postponed until 2018 due to the instability of economic conditions. Additionally, some analysts doubt that the Russian defense industry can produce and deliver the full complement of equipment at the pace and scale envisioned by the SAP.

Sources: Dmitry Gorenburg, *Russia's State Armaments Program 2020: Is the Third Time the Charm for Military Modernization?*, Policy Memo No. 125, PONARS Eurasia, October 2010; Vladimir Putin, "Being Strong: National Security Guarantees For Russia," *Rossiiskaya Gazeta*, February 20, 2012; TASS, "Putin Prioritizes Task to Keep Pace of Armed Forces Modernization," May 12, 2015.

Russia's Military Footprint in Europe

Russia's Western Military District stretches from its border with Finland in the north to its border with northeastern Ukraine and includes Kaliningrad, a Russian territorial exclave wedged between Poland and Lithuania (see **Figure 4**). Officially, the Western Military District hosts around 400,000 troops (or 40% of Russia's total military forces). Unofficial estimates put the number closer to 300,000 (total active military forces are estimated at around 830,000 in 2016). The Western Military District includes the 6th Army, 20th Guards Army, and 1st Guards Tank Army; the 6th Air Force and Air Defense Army, as well as Airborne Troops; the Baltic Fleet (based in Kaliningrad), naval infantry, and coastal defense forces; and intelligence, support, and special forces units.¹¹⁸ In May 2016, Russia announced plans to put two new divisions in the

¹¹⁸The official number is from Russia's Ministry of Defense, at <http://structure.mil.ru/structure/okruga/west/history.htm>. For unofficial estimates, see International Institute of Strategic Studies, *The Military Balance 2017*, February 13, 2017, pp. 211, 218-219; Anna Maria Dyner, "Russia Beefs Up Military Potential in the Country's Western Areas," Polish Institute for International Affairs, June 13, 2016, at <https://www.pism.pl/publications/bulletin/> (continued...)

Western Military District and another in the Southern Military District (Caucasus, Black Sea, and Caspian region), totaling approximately 30,000 new troops.

Defense experts say that Russian forces stationed in the region, including surface ships, submarines, and advanced S-400 air defense systems, could “allow [Russia] to effectively close off the Baltic Sea and skies to NATO reinforcements.”¹¹⁹ According to a RAND report based on a series of war games staged in 2014 and 2015, a quick Russian strike would be able to reach the capitals of Estonia and Latvia in 36-60 hours.¹²⁰

Kaliningrad is a key strategic territory for Russia, allowing the country to project military power into NATO’s northern flank. The territory has a heavy Russian military presence, including the Baltic Fleet and two airbases. In October 2016, the Russian Minister of Defense reported that Russia had temporarily deployed Iskander short-range nuclear-capable missiles in the region, something they have done in the past.¹²¹ Many consider the deployment to be a response to new NATO deployments, and some observers suspect that Russia is planning to deploy the missiles to Kaliningrad on a permanent basis.¹²² Sources close to the Russian military have said that it is “part of a long-standing plan to modernize Russia’s non-nuclear ballistic missile system.”¹²³

According to NATO officials, Russia is using Kaliningrad “to pursue what is known as an anti-access/area denial (A2/AD) strategy for surrounding areas. That involves a strategic layering of surface-to-air missiles to block off NATO’s air access, if needed, to the three Baltic states and about a third of Poland.” According to one Russian analyst, “Moscow’s plan for Kaliningrad is not to flood it with troops and firepower, but to modernize its military infrastructure.”¹²⁴ Analysts also have observed that Kaliningrad’s geographic isolation creates the potential for a scenario whereby Russia tries “to seize the 100-kilometer wide strip on the Polish-Lithuanian border known as the Suwalki Gap that separates the exclave from Belarus, a Russian ally.”¹²⁵

In addition to the increased militarization of its western flank, Russia has increased its military presence in neighboring states. It has extensively militarized Ukraine’s occupied region of Crimea, home of the Black Sea Fleet and an estimated 28,000-29,000 troops, around double the number stationed there prior to Russia’s occupation (Russia used to lease naval facilities from Ukraine).¹²⁶ Russia also continues to sponsor and support separatist movements in eastern

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no-35-885; and Andrey Frolov, “Russian Army in 2014 and Western Military District” (presentation), at http://www.defmin.fi/files/2840/Andrey_Frolov_Russian_army_SPb_25_04_2014.pdf.

¹¹⁹ Henry Meyer, “Putin’s Military Buildup in the Baltic Stokes Invasion Fears,” Bloomberg, July 6, 2016, at <https://www.bloomberg.com/news/articles/2016-07-06/putin-s-military-buildup-in-the-baltic-stokes-invasion-fears>.

¹²⁰ David A. Shlapak and Michael W. Johnson, *Reinforcing Deterrence on NATO’s Eastern Flank: Wargaming the Defense of the Baltics*, RAND Corporation, September 30, 2016, at http://www.rand.org/pubs/research_reports/RR1253.html.

¹²¹ Reuters, “Russia Moves Nuclear-Capable Missiles Into Kaliningrad,” October 8, 2016, at <http://www.reuters.com/article/us-russia-usa-missiles-confirm-idUSKCN1280IV>.

¹²² Geoff Brumfiel, “Russia Seen Moving New Missiles To Eastern Europe,” NPR, December 8, 2016, at <http://www.npr.org/sections/parallels/2016/12/08/504737811/russia-seen-moving-new-missiles-to-eastern-europe>.

¹²³ Lidia Kelly, “Russia’s Baltic Outpost Digs in for Standoff with NATO,” Reuters, July 5, 2016, at <http://www.reuters.com/article/us-nato-russia-kaliningrad-idUSKCN0ZL0J7>.

¹²⁴ Ibid.

¹²⁵ Meyer, “Putin’s Military Buildup in the Baltic Stokes Invasion Fears.”

¹²⁶ For a recent official Ukrainian estimate of the size and strength of the Russian military force in Crimea, see Testimony of Pavlo Klimkin, in U.S. Congress, Senate Appropriations Subcommittee on State, Foreign Operations, and Related Programs, *Russian Policies & Intentions Toward Specific European Countries*, hearings, 114th Cong., 1st sess., (continued...)

Ukraine, including unofficially deploying as many as 12,000 troops to the region in 2015 and, more recently, 4,200-7,500 troops, according to Ukrainian government sources.¹²⁷

Russia also has stationed military forces in Georgia and Moldova without these states' consent. Since Russia's 2008 war with Georgia, its military bases in the breakaway regions of Abkhazia and South Ossetia have housed some 3,500-4,000 personnel each. In 2016, Russia finalized an agreement with the de facto authorities of Abkhazia, establishing a combined group of military forces in the occupied region. Earlier this year, Russia concluded an agreement with South Ossetia to integrate the breakaway region's military forces with its own. In Moldova, Russia continues to deploy 1,500-2,000 troops in Transnistria (of which Moldova accepts a few hundred as peacekeepers).¹²⁸

Finally, Russia deploys military troops by consent on the territory of its longtime military ally Armenia, which hosts some 3,300-5,000 Russian troops. In recent years, Armenia also has concluded agreements with Russia to establish a joint air defense system and a combined group of forces, both on the basis of previous arrangements.¹²⁹

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March 7, 2017. For additional background on Russia's militarization of Crimea, see Reuters, "In Crimea, Russia Signals Military Resolve with New and Revamped Bases," November 1, 2016, at <http://www.reuters.com/investigates/special-report/russia-crimea>, and Dave Gilbert and Fred Pleitgen, "Russia Puts on Show of Military Strength in Crimea," CNN, September 9, 2016, at <http://www.cnn.com/2016/09/09/europe/crimea-war-games-pleitgen>.

¹²⁷ On estimates of Russian troops in Ukraine, see Reuters, "Some 12,000 Russian Soldiers in Ukraine Supporting Rebels: U.S. Commander," March 3, 2015, at <http://www.reuters.com/article/us-ukraine-russia-soldiers-idUSKBN0LZ2FV20150303>; Bellingcat, *Russia's War in Ukraine: The Medals and Treacherous Numbers: A Bellingcat Investigation*, August 31, 2016, at <https://www.bellingcat.com/news/uk-and-europe/2016/08/31/russias-war-ukraine-medals-treacherous-numbers>; RFE/RL, "Kyiv Says Russia Has at Least 5,000 Troops in Eastern Ukraine," November 29, 2016, at <http://www.rferl.org/a/ukraine-russia-troops-crimea/28146059.html>; Testimony of Pavlo Klimkin, in U.S. Congress, *Russian Policies & Intentions Toward Specific European Countries*, March 7, 2017 (see transcript available at <http://www.cq.com/doc/congressionaltranscripts-5056818>); and International Institute of Strategic Studies, *The Military Balance 2017*, p. 224.

¹²⁸ International Institute of Strategic Studies, *The Military Balance 2017*, February 13, 2017, p. 224; Ekaterina Zgirovskaya, "Global Presence," *Gazeta.ru*, December 16, 2015 (in Russian), at <https://www.gazeta.ru/army/2015/12/16/7972523.shtml>.

¹²⁹ Emil Danielyan, "Russia, Armenia Agree to Boost Joint Military Force," Azatutyun.am (RFE/RL), November 30, 2016; Eduard Abrahamyan, "Russia and Armenia Establish Joint Ground Forces," CACI Analyst, December 16, 2016; International Institute of Strategic Studies, *The Military Balance 2017*; Nikolai Litovkin, "Russia and Armenia To Create Joint Defense Force in Caucasus," *Russia Beyond the Headlines*, November 16, 2016.

Figure 4. Russia's Military Footprint in Europe



Sources: Graphic produced by CRS. Map information generated by Hannah Fischer using data from the Department of State (2015 and 2016); geographic data companies ArcWorld (2014) and DeLorme (2014); and the U.S. interagency Humanitarian Information Unit (2016); and IISS Military Balance (2017).

Strategic and Snap Military Exercises

In recent years, Russia has significantly increased the frequency of large-scale strategic exercises and short-notice snap drills, serving to bolster the readiness of its forces, rehearse for a variety of contingencies in its neighborhood, and gain experience in the rapid redeployment of large numbers of personnel and equipment. In 2009, Russia alarmed many U.S. and European observers with exercises rehearsing an attack on Poland and the Baltic states and culminating in a simulated nuclear strike on Warsaw. In March 2013, according to NATO officials, the Russian Air Force conducted a mock nuclear strike against Sweden. An exercise in western Russia involving 150,000 troops in February-March 2014 unfolded in conjunction with the seizure of Crimea. At the tactical level, smaller-scale unit exercises and

live-fire exercises reportedly also have increased in frequency.

NATO officials assert that Russia staged about a dozen unannounced, large-scale, snap military drills in 2015-2016, including in the run-up to the July 2016 NATO summit in Warsaw. Besides testing units' readiness for battle, mobilization procedures, equipment, and command systems, the exercises were presumed to be a signal to NATO through the display of forces and weaponry. NATO countries such as Poland, Romania, and the Baltics have been concerned about a repeat of tactics used during the takeover of Crimea, with putative exercises morphing into an actual assault operation.

Russia's next major strategic exercise, Zapad-2017 (West-2017), is scheduled for September 2017, raising concerns among Russia's western neighbors. Regularly scheduled every four years, the exercise will take place in western Russia, including Kaliningrad, as well as in Belarus. It is estimated that some 70,000-100,000 troops will participate. This is a far greater number than were involved in the last Zapad exercise in 2013 but similar to the number of participants in last year's major strategic exercise in southern Russia, Kavkaz-2016.

Sources: Matthew Day, "Russia 'Simulates' Nuclear Attack on Poland," *The Daily Telegraph*, November 1, 2009; Testimony of Ian J. Brzezinski, in U.S. Congress, Senate Committee on Armed Services, *United States Policy on Europe*, hearings, 114th Cong., 1st sess., April 28, 2015; Gustav Gressel, *Russia's Quiet Military Revolution, and What It Means For Europe*, European Council on Foreign Relations, October 2015; Edward Lucas, *The Coming Storm: Baltic Sea Security Report*, Center for European Policy Analysis, June 2015; additional media reports (full citation information available from the author).

U.S. Policy Toward Russia

For more than 25 years, the U.S.-Russian relationship has gone through positive and negative periods. The spirit of the U.S.-Russian "strategic partnership" forged by Presidents Bill Clinton and Boris Yeltsin in the early 1990s was gradually overtaken by increasing tension and mutual recrimination, in large part as a consequence of disagreements over Russia's efforts to reestablish a sphere of influence in the post-Soviet region, U.S. promotion of NATO enlargement to Central and Eastern Europe, and NATO's military intervention in the former Yugoslavia in the mid-1990s.

Presidents George W. Bush and Vladimir Putin believed they could restore U.S.-Russian relations, particularly in the aftermath of the terrorist attacks of September 11, 2001. The two countries reshaped their relationship on the basis of cooperation against terrorism and the economic integration of Russia with the West. However, tensions arose again around a number of issues, including the Iraq War; the so-called color revolutions in Ukraine, Georgia, and Kyrgyzstan involving protests against electoral fraud that unseated corrupt regimes; Russian energy and security pressure on its neighbors; and U.S. and NATO plans to deploy missile defenses in Europe. Cooperation continued in some areas, but the August 2008 Russia-Georgia conflict caused bilateral ties to deteriorate to their lowest point since the Cold War.

U.S. Policy Under the Obama Administration

On entering office, the Obama Administration asserted it could prompt a "reset" of relations with Russia's new president, Dmitry Medvedev. During the Obama Administration, the United States and Russia cooperated in a number of areas. This cooperation resulted in the following:

- establishment of a U.S.-Russia Bilateral Presidential Commission, with 21 working groups that met regularly until activities were suspended as a result of Russian actions in Ukraine;¹³⁰
- a new strategic arms control agreement (the 2010 New START Treaty);

¹³⁰ For more on the U.S.-Russia Bilateral Presidential Commission, see U.S. Department of State, "U.S.-Russia Bilateral Presidential Commission," at <https://2009-2017.state.gov/p/eur/ci/rs/usrussiabilat/index.htm>.

- ground and air transit of supplies through Russia to supply U.S. and NATO troops in Afghanistan via the Northern Distribution Network;
- cooperation in Afghan counternarcotics and combat helicopter maintenance;
- Russia's accession to the World Trade Organization;
- the imposition of new multilateral sanctions on Iran and development of the 2015 Iran nuclear agreement (the Joint Comprehensive Plan of Action, or JCPOA);
- U.N. Security Council sanctions on North Korea; and
- the removal of chemical weapons from Syria under the auspices of the Organization for the Prohibition of Chemical Weapons.

Despite this progress, U.S.-Russian relations remained challenging in several respects. Although in 2011 Russia joined China in abstaining from a U.N. Security Council vote establishing a no-fly zone in Libya, Putin (then Russia's prime minister) expressed disapproval of the decision as an unwarranted intrusion into Libya's internal affairs. Since 2011, Russian diplomats have cited the example of the NATO mission in Libya as evidence that the inclusion of civilian protection provisions in U.N. Security Council resolutions will be manipulated by the United States and others for purposes of regime change.

U.S.-Russian relations worsened with Russia's disputed December 2011 parliamentary elections and Putin's March 2012 return to the presidency. Two days after the parliamentary elections, then-U.S. Secretary of State Hillary Clinton expressed "serious concern" about the election and implied that it had been "neither free nor fair."¹³¹ In response, Putin accused the State Department of interfering in Russia's internal affairs and, ultimately, seeking to promote regime change.¹³² Putin infused his presidential campaign with a heavy dose of anti-Americanism, painting the Russian opposition and prodemocracy NGOs as Western pawns. Russian state television accused the new U.S. ambassador and architect of the reset policy, Michael McFaul, of plotting revolution after his first meeting with opposition and civil-society activists.¹³³

Relations continued to decline. In December 2012, Congress passed and the President signed into law the Sergei Magnitsky Rule of Law Accountability Act (P.L. 112-208, Title IV) as part of a broader piece of legislation normalizing U.S. trade with Russia. The Magnitsky Act required the President to identify and impose sanctions on individuals involved in the detention, abuse, or death of Sergei Magnitsky, a Russian lawyer and auditor who died in prison after uncovering massive tax fraud that implicated the government, as well as others whom the United States determines are "responsible for extrajudicial killings, torture, or other gross violations of internationally recognized human rights" in Russia.¹³⁴ Russian reaction was intense, as the sanctions were seen as a direct assault on the legitimacy and integrity of the government and an "unwarranted intrusion into its internal affairs."¹³⁵ In response, the Russian government

¹³¹ Hillary Rodham Clinton, "Remarks at the OSCE First Plenary Session," U.S. Department of State, December 6, 2011, at <https://2009-2017.state.gov/secretary/20092013clinton/rm/2011/12/178315.htm>.

¹³² David M. Herszenhorn and Ellen Barry, "Putin Contends Clinton Incited Unrest over Vote," *New York Times*, December 8, 2011, at <http://www.nytimes.com/2011/12/09/world/europe/putin-accuses-clinton-of-instigating-russian-protests.html>.

¹³³ Paul J. Saunders, "U.S. Ambassador's Rough Welcome in Moscow: Is the Reset Failing?," *Atlantic*, January 23, 2012, at <https://www.theatlantic.com/international/archive/2012/01/us-ambassadors-rough-welcome-in-moscow-is-the-reset-failing/251808>.

¹³⁴ For more on the Magnitsky sanctions program, see U.S. Department of the Treasury, "The Magnitsky Sanctions," at <https://www.treasury.gov/resource-center/sanctions/Programs/pages/magnitsky.aspx>.

¹³⁵ Reuters, "Russia 'Outraged' over Senate Passing Magnitsky Bill," June 27, 2012, at [http://www.reuters.com/article/\(continued...\)](http://www.reuters.com/article/(continued...))

terminated an adoption agreement that had entered into force the month before and banned U.S. adoptions of Russian children.¹³⁶

In the wake of the Magnitsky Act, the Russian government also moved to dismantle a number of other links between Russia and the United States. The day after the act was introduced, President Putin signed Russia's "foreign agent" law requiring foreign-funded organizations that engage in activity seeking to affect policymaking to register and identify as foreign agents. In September 2012, Russia requested that the United States close down foreign assistance programs run by the U.S. Agency for International Development. Russia also informed the United States that it was unwilling to renew an agreement that had supported nonproliferation-related Cooperative Threat Reduction (Nunn-Lugar) programs in Russia since 1992 (see "Nuclear Arms Control and Nonproliferation," below). In August 2013, the White House announced it would "postpone" a U.S.-Russian presidential summit planned for September because of inadequate "progress in our bilateral agenda" since Putin returned to the presidency.¹³⁷

In 2014, U.S. relations with Russia deteriorated further in reaction to Russia's invasion and annexation of Ukraine's Crimea region and its subsequent support of separatists in eastern Ukraine. The United States, in coordination with the EU and others, promised to impose increasing costs on Russia until it "abides by its international obligations and returns its military forces to their original bases and respects Ukraine's sovereignty and territorial integrity."¹³⁸ The United States suspended discussions on trade and investment and military-to-military contacts, as well as certain kinds of nonproliferation and energy research cooperation.¹³⁹ Russia also was removed from the G8, and the United States, EU, and other allies introduced sanctions on Russia for its actions (see "Ukraine-Related Sanctions," below).

In December 2016, President Obama imposed sanctions for election-related malicious cyber activity (see "Sanctions for Malicious Cyber Activity," below). The Administration also declared 35 Russian diplomatic personnel *persona non grata* and denied Russian personnel access to two Russian government-owned compounds in Maryland and New York. The Administration said these measures were a response to the increased harassment of U.S. diplomatic personnel in Russia over the previous two years.¹⁴⁰

U.S. Policy Under the Trump Administration

Like the Administrations before it, the Trump Administration came into office seeking to improve relations with Russia. Following a January 28, 2017, call between Presidents Trump and Putin,

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¹³⁶ RFE/RL, "Putin Signs Bill Banning U.S. Adoptions," December 28, 2012, at <http://www.rferl.org/a/putin-signs-bill-banning-us-adoptions-magnitsky/24810783.html>.

¹³⁷ The White House, "Statement by the Press Secretary on the President's Travel to Russia," August 7, 2013, at <https://obamawhitehouse.archives.gov/the-press-office/2013/08/07/statement-press-secretary-president-s-travel-russia>.

¹³⁸ The White House, "Fact Sheet: Ukraine-Related Sanctions," March 17, 2014, at <https://obamawhitehouse.archives.gov/the-press-office/2014/03/17/fact-sheet-ukraine-related-sanctions>.

¹³⁹ See testimony by Eric Rubin, Deputy Assistant Secretary, Bureau of European and Eurasian Affairs, in U.S. Congress, House Foreign Affairs Committee, *U.S. Foreign Policy Toward Ukraine*, hearings, 114th Cong., 1st sess., March 6, 2014, at <https://2009-2017.state.gov/p/eur/rls/rm/2014/mar/223023.htm>.

¹⁴⁰ The White House, "Fact Sheet: Actions in Response to Russian Malicious Cyber Activity and Harassment," December 29, 2016, at <https://obamawhitehouse.archives.gov/the-press-office/2016/12/29/fact-sheet-actions-response-russian-malicious-cyber-activity-and>.

the White House issued a statement noting that the call “was a significant start to improving the relationship between the United States and Russia that is in need of repair.” The statement also said the two presidents expressed hope that their countries “can move quickly to tackle terrorism and other important issues of mutual concern.”¹⁴¹ In his first public remarks on February 16, 2017, Secretary of State Rex Tillerson noted that the United States would “consider working with Russia where we can find areas of practical cooperation that will benefit the American people.”¹⁴² Meeting with Putin and Russian Foreign Minister Lavrov in Moscow in April 2017, Secretary Tillerson “expressed [his] view that the current state of U.S.-Russia relations is at a low point” and that “[t]he world’s two foremost nuclear powers cannot have this kind of relationship.”¹⁴³ In July 2017, President Trump met with Putin on the sidelines of a G20 meeting in Hamburg, Germany.

Many observers concur that improved U.S.-Russian relations would be welcome. In an article published in December 2016, for instance, then-U.S. Secretary of Defense Ashton Carter wrote that the United States would “work to preserve cooperation on issues where our interests align, and hold the door open to renewed partnership in the future.” Carter noted that “Russia is simply too big, too powerful and potentially too dangerous to be ignored or fully isolated.”¹⁴⁴

A key question, however, is whether the United States can succeed in building improved relations with Russia while maintaining strong commitments to its allies and partners and standing firm on fundamental principles. Questions concerning the extent of Russian interference in the U.S. presidential election also have imposed constraints on the Administration’s ability to improve relations with Russia.

The Administration has expressed a desire to pursue cooperation with Russia on a range of pursuits (e.g., Syria, North Korea, cybersecurity). Media reports in March 2017 suggested that the Administration believed the time “may not be right” for seeking cooperation with Russia in the battle against the Islamic State.¹⁴⁵ However, after Secretary Tillerson’s April 2017 meeting with Putin, he noted that they “shared perspectives on possible ways forward” in Syria, including the need to “deny a safe haven for terrorists” and “find a solution to the Syrian conflict.”¹⁴⁶ During President Trump’s July 2017 meeting with Putin, Secretary Tillerson said that the two leaders discussed a newly established de-escalation agreement in the southwestern part of Syria, bordering Jordan, and the possibility of cooperating to de-escalate conflict in other areas of Syria. The Secretary said the agreement among the United States, Russia, and Jordan was the “first indication of the U.S. and Russia being able to work together in Syria.”¹⁴⁷

¹⁴¹ The White House, “Readout of the President’s Call with Russian President Vladimir Putin,” January 28, 2017, at <https://www.whitehouse.gov/the-press-office/2017/01/28/readout-presidents-call-russian-president-vladimir-putin>.

¹⁴² Rex W. Tillerson, “Remarks Following Meeting With Russian Foreign Minister Sergey Lavrov,” U.S. Department of State, February 16, 2017, at <https://www.state.gov/secretary/remarks/2017/02/267671.htm>.

¹⁴³ Rex W. Tillerson, “Remarks With Russian Foreign Minister Sergey Lavrov at a Press Availability,” U.S. Department of State, April 12, 2017, at <https://www.state.gov/secretary/remarks/2017/04/270136.htm>.

¹⁴⁴ Ash Carter, “A Strong and Balanced Approach to Russia,” *Survival: Global Politics and Strategy*, vol. 58, no. 6 (December 2016), p. 61. Also see, for example, several of the contributions in *The National Interest*, “Symposium: Advice to President Trump on U.S.-Russia Policy,” November 28, 2016, at <http://nationalinterest.org/feature/symposium-advice-president-trump-us-russia-policy-18522>.

¹⁴⁵ Julie Pace, “Trump Wary of Russian Deal; New Advisers Urge Tougher Stand,” Associated Press, March 4, 2017, at <https://www.apnews.com/8bf076a9e5314c19a28f79dbc5d967fe>.

¹⁴⁶ Tillerson, “Remarks With Russian Foreign Minister Sergey Lavrov at a Press Availability,” April 12, 2017.

¹⁴⁷ The White House, “Press Briefing by Secretary of State Tillerson and Secretary of Treasury Mnuchin on the President’s Meetings at the G20,” July 7, 2017, at [https://www.whitehouse.gov/the-press-office/2017/07/07/press-\(continued...\)](https://www.whitehouse.gov/the-press-office/2017/07/07/press-(continued...))

Secretary Tillerson's April 2017 meeting with Putin covered other issues as well. The Secretary noted that he, Putin, and Russian Foreign Minister Lavrov "discussed approaches to improving ... channels of communication" between the two governments and "agreed to establish a working group to address smaller issues and make progress toward stabilizing the relationship, so that we can then address the more serious problems."¹⁴⁸

Secretary Tillerson also indicated that Russia could play a "constructive role ... in encouraging the regime in North Korea to change its course" on the development of a nuclear program. In August 2017, Russia joined the United States, China, and other members of the U.N. Security Council to impose new sanctions on North Korea in response to recent missile launches.

The Administration has said it supports the establishment of a dialogue with Russia on cybersecurity, although U.S. officials suggest this will take time to evolve. In July 2017, President Trump appeared to reject the idea of establishing a joint "cybersecurity unit" with Russia. Tom Bossert, Assistant to the President for Homeland Security and Counterterrorism, however, subsequently underlined the importance of holding a "dialogue" with Russia on cybersecurity "about the rules of the road in cyberspace, norms and expectations."¹⁴⁹

Administration officials have said that Russia's election interference poses a challenge to improved relations. Following his meeting with Putin in April 2017, Secretary Tillerson stated that Russia's interference in U.S. elections was "serious enough to attract additional sanctions."¹⁵⁰ In July 2017, the Secretary indicated that President Trump opened his meeting with Putin at the G20 by "raising the concerns of the American people regarding Russian interference" and that "[t]he two leaders agreed ... this is a substantial hindrance in [our ability] to move the Russian-U.S. relationship forward...."¹⁵¹ In a July visit to Kyiv, Ukraine, the Secretary further noted that the election interference "stands as an obstacle to our ability to improve the relationship between the United States and Russia" and characterized the desired cybersecurity dialogue as one structured around gaining "assurances" that "interference in our elections will not occur by Russia or anyone else."¹⁵² Also in July, Director of National Intelligence Dan Coats reiterated there was "no dissent" within the U.S. intelligence community on the question of Russian interference in U.S. elections.¹⁵³

The Administration also seeks to promote change in Russia's policy toward Ukraine. In February 2017, U.S. Ambassador to the United Nations Nikki Haley referred to a recent flare-up of violence in Ukraine, noting that "the dire situation in eastern Ukraine is one that demands clear and strong condemnation of Russian actions." She stated that "the United States continues to

(...continued)

briefing-presidents-meetings-g20-july-7-2017.

¹⁴⁸ Quotations in this paragraph are from Tillerson, "Remarks With Russian Foreign Minister Sergey Lavrov at a Press Availability," April 12, 2017.

¹⁴⁹ The White House, "Press Gaggle by Homeland Security Advisor Tom Bossert en route Newark, NJ," July 14, 2017, at <https://www.whitehouse.gov/the-press-office/2017/07/14/press-gaggle-homeland-security-advisor-tom-bossert-en-route-newark-nj>.

¹⁵⁰ Tillerson, "Remarks With Russian Foreign Minister Sergey Lavrov at a Press Availability," April 12, 2017.

¹⁵¹ "Press Briefing by Secretary of State Tillerson and Secretary of Treasury Mnuchin on the President's Meetings at the G20," July 7, 2017.

¹⁵² Rex W. Tillerson, "Remarks With Ukrainian President Petro Poroshenko At a Joint Press Availability," U.S. Department of State, July 9, 2017, at <https://www.state.gov/secretary/remarks/2017/07/272446.htm>.

¹⁵³ Ken Dilanian, "Intelligence Director Says Agencies Agree on Russian Meddling," NBC News, July 21, 2017, at <http://www.nbcnews.com/news/us-news/intelligence-director-says-agencies-agree-russian-meddling-n785481>.

condemn and call for an immediate end to the Russian occupation of Crimea” and that “Crimea-related sanctions will remain in place until Russia returns control of the peninsula to Ukraine.”¹⁵⁴

Secretary Tillerson has repeatedly underlined the significance of getting Russia to change its approach in Ukraine. On several occasions, he has stated that Ukraine-related sanctions will remain in place “until Moscow reverses the actions that triggered” them.¹⁵⁵ In February 2017, he said that the United States expects Russia “to honor its commitment to the Minsk agreements and work to de-escalate the violence in ... Ukraine.”¹⁵⁶ After his April 2017 meeting with Putin, Secretary Tillerson noted that “the situation in Ukraine will remain an obstacle to improvement in relations between the U.S. and Russia.” He called on Russia to “make progress in implementation by de-escalating violence and taking steps to withdraw separatist armed forces and heavy weapons so that OSCE observers can fulfill their role.”¹⁵⁷ The Secretary repeated this call in a visit to Kyiv, Ukraine, in July 2017, as did President Trump three days before in Warsaw, Poland, where he “urge[d] Russia to cease its destabilizing activities in Ukraine and elsewhere....”¹⁵⁸ The next day, Secretary Tillerson announced the appointment of former U.S. Ambassador to NATO Kurt Volker to the newly established position of U.S. Special Representative for Ukraine Negotiations.

On August 2, 2017, President Trump signed into law the Countering Russian Influence in Europe and Eurasia Act of 2017 (P.L. 115-44, Countering America’s Adversaries Through Sanctions Act, Title II). The law codifies sanctions on Russia provided for in existing Ukraine-related and cyber-related executive orders. In addition, the act strengthens other sanctions on Russia and requires or recommends several new sanctions, as well as establishes a congressional review of any presidential move to ease or lift sanctions. Although President Trump signed the act, he said in a signing statement that the legislation was “significantly flawed” and stated his reservations with certain provisions, noting he would implement them “in a manner consistent with the President’s constitutional authority to conduct foreign relations.”¹⁵⁹

Before the President signed the act into law, the Russian government reacted to its passage in Congress by ordering a reduction of U.S. mission personnel in Russia to no more than 455, which it said was equal to the number of Russian personnel in the United States.¹⁶⁰ It also suspended

¹⁵⁴ Ambassador Nikki Haley, “Remarks at a U.N. Security Council Briefing on Ukraine,” U.S. Mission to the United Nations, February 2, 2017, at <https://usun.state.gov/remarks/7668>.

¹⁵⁵ Rex W. Tillerson, “Remarks to NATO-Ukraine Commission,” U.S. Department of State, March 31, 2017, at <https://www.state.gov/secretary/remarks/2017/03/269359.htm>; U.S. Department of State, “Secretary Tillerson’s Meeting With Russian Foreign Minister Sergey Lavrov,” May 10, 2017, at <https://www.state.gov/r/pa/prs/ps/2017/05/270780.htm>; Tillerson, “Remarks With Ukrainian President Petro Poroshenko At a Joint Press Availability,” July 9, 2017.

¹⁵⁶ Tillerson, “Remarks Following Meeting With Russian Foreign Minister Sergey Lavrov,” February 16, 2017.

¹⁵⁷ Tillerson, “Remarks With Russian Foreign Minister Sergey Lavrov at a Press Availability,” April 12, 2017.

¹⁵⁸ Tillerson, “Remarks With Ukrainian President Petro Poroshenko At a Joint Press Availability,” July 9, 2017; The White House, “Remarks by President Trump to the People of Poland,” July 6, 2017, at <https://www.whitehouse.gov/the-press-office/2017/07/06/remarks-president-trump-people-poland-july-6-2017>.

¹⁵⁹ The White House, “Statement by President Donald J. Trump on the Signing of H.R. 3364,” August 2, 2017, at <https://www.whitehouse.gov/the-press-office/2017/08/02/statement-president-donald-j-trump-signing-hr-3364>.

¹⁶⁰ President Putin later said this would mean a reduction of around 755 mission personnel (which would include foreign nationals). Neil MacFarquhar, “Russia Seizes 2 U.S. Properties and Orders Embassy to Cut Staff,” *New York Times*, July 28, 2017, at <https://www.nytimes.com/2017/07/28/world/europe/us-russia-sanctions.html>; Andrew Roth, “Putin Orders Cut of 755 Personnel at U.S. Missions,” *Washington Post*, July 30, 2017, at https://www.washingtonpost.com/world/putin-orders-cut-of-755-personnel-at-us-missions/2017/07/30/8a4b0044-7555-11e7-8c17-533c52b2f014_story.html.

U.S. usage of storage and resort facilities in Moscow. Observers viewed these measures, in part, as a delayed response to the Obama Administration's December 2016 decision to evict Russian personnel and deny access to Russia's diplomatic compounds.

Congressional Action in the 115th Congress

In the first several months of the 115th Congress, many Members have expressed their sense that the United States should adhere to core international commitments and principles in its dealings with Russia. As of August 2017, congressional committees have held more than 20 hearings on matters relating to Russia, including on U.S. election interference, other influence campaigns, sanctions, INF Treaty violations, civil society, Russian military and security policy, and U.S. responses to Russian activities.

The 115th Congress has passed, and the President has signed into law, the Countering Russian Influence in Europe and Eurasia Act of 2017 (P.L. 115-44, Countering America's Adversaries Through Sanctions Act, Title II). This act codifies sanctions on Russia provided for in existing Ukraine-related and cyber-related executive orders, strengthens additional sanctions, and requires or recommends several new sanctions, as well as establishes a congressional review of any presidential move to ease or lift sanctions (for details, see "U.S. Sanctions on Russia," below). Such measures, including from other draft legislation, initially were included in Title II of S. 722, Countering Iran's Destabilizing Activities Act of 2017, which passed the Senate in June 2017. The following month, the House version of the bill, H.R. 3364, passed the House by a vote of 419-3 and the Senate on July 27, 2017, by a vote of 98-2. The President signed the bill, which also includes sanctions on Iran and North Korea, into law on August 2, 2017.

As in past years, FY2017 foreign operations appropriations impose restrictions on foreign assistance to Russia's central government, although funds have been made available "to support democracy programs in the Russian Federation, including to promote Internet freedom" (P.L. 115-31, Division J, §7070). Additional restrictions exist on defense and energy appropriations (P.L. 115-31, Division C, §8105(a), and Division D, §305(a)).

Legislation also has been introduced calling on the U.S. government to assess and respond to Russian influence operations, illicit financial activities abroad, or INF treaty violations. The 2017 Intelligence Authorization Act established an executive interagency committee for countering active measures by Russia to exert covert influence (P.L. 115-31, Division N, §501). Relevant measures also are included in the current versions of the House and Senate National Defense Authorization Acts for 2018 (H.R. 2810, S. 1519) and the current version of the House and Senate Intelligence Authorization Acts for 2018 (H.R. 3180, S. 1761).

In FY2017, Congress appropriated not less than \$100 million in foreign assistance for a Countering Russian Influence Fund intended to counter influence and aggression in Europe and Eurasia (P.L. 115-31, §7070(d)). The Countering Russian Influence Fund is to "be made available to civil society organizations and other entities in such countries for rule of law, media, cyber, and other programs that strengthen democratic institutions and processes, and counter Russian influence and aggression."

The Countering Russian Influence in Europe and Eurasia Act of 2017 (P.L. 115-44, Title II, Subtitle B) authorizes an additional \$250 million in FY2018 and FY2019 for the Countering Russian Influence Fund. Assistance is to be provided to NATO and EU members and aspirants to strengthen their democratic institutions, counter Russian disinformation and cyberattacks against critical infrastructure and electoral mechanisms, and promote energy security. The act requires the President to submit reports on media organizations funded and controlled by the Russian

government (in Russia or abroad) and on the use of Russian funds intended to influence the outcome of elections or campaigns in Europe and Eurasia.

The act also states (§253) that the United States “does not recognize territorial changes effected by force, including the illegal invasions and occupations of Abkhazia, South Ossetia, Crimea, Eastern Ukraine, and Transnistria.” Current foreign operations appropriations restrict funds for implementing policies and actions that would recognize Russian sovereignty over Crimea or support Russia’s occupation of Abkhazia and South Ossetia. There also are restrictions on foreign assistance to the central governments of countries that support Russia’s annexation of Crimea or that recognize the independence of Abkhazia or South Ossetia (P.L. 115-31, Division J, §7070).

In June 2017, the House passed a resolution (H.Res. 351) condemning violence and persecution in Chechnya against individuals on the basis of actual or suspected sexual orientation and calling on Russian and local officials to hold accountable the perpetrators of such abuse (see “Democracy and Human Rights,” above). The resolution called on the U.S. government to identify individuals involved who would qualify for sanctions under the Magnitsky Act (P.L. 112-208, Title IV) or the Global Magnitsky Human Rights Accountability Act (P.L. 114-328, Subtitle F). A similar resolution has been introduced in the Senate (S.Res. 211).

Selected Issues in U.S.-Russian Relations

U.S. Sanctions on Russia¹⁶¹

Ukraine-Related Sanctions

Most U.S. sanctions on Russia have been established in response to Russia’s aggressive actions in and toward Ukraine.¹⁶² Since 2014, the United States has imposed Ukraine-related sanctions on at least 595 individuals and entities.¹⁶³ President Obama, in issuing decisions to impose economic sanctions on Russia, declared that Russia’s activities in Ukraine threaten the peace, security, stability, sovereignty, and territorial integrity of its neighbor and constitute a threat to U.S. national security.

A series of executive orders issued in 2014 (EOs 13660, 13661, 13662, 13685) and codified by P.L. 115-44 form the basis for designating Russian individuals and entities subject to Ukraine-related sanctions. In issuing the EOs, President Obama identified individuals and entities subject to economic restrictions for having undermined the stability of Ukraine; misappropriated its state

¹⁶¹ This section draws on CRS In Focus IF10552, *U.S. Sanctions on Russia Related to the Ukraine Conflict*, coordinated by Cory Welt, and CRS In Focus IF10694, *Countering America’s Adversaries Through Sanctions Act*, by Dianne E. Rennack, Kenneth Katzman, and Cory Welt. Also see CRS Insight IN10634, *Overview of U.S. Sanctions Regimes on Russia*, by Cory Welt and Dianne E. Rennack; CRS In Focus IF10614, *EU Sanctions on Russia Related to the Ukraine Conflict*, by Kristin Archick, Dianne E. Rennack, and Cory Welt; and CRS Report R43895, *U.S. Sanctions and Russia’s Economy*, by Rebecca M. Nelson.

¹⁶² For more on Ukraine-related sanctions, see U.S. Department of the Treasury, “Ukraine-/Russia-Related Sanctions,” at <https://www.treasury.gov/resource-center/sanctions/Programs/Pages/ukraine.aspx>, U.S. Department of Commerce, “Frequently Asked Questions on BIS’s Russia Sanctions,” at <https://www.bis.doc.gov/index.php/component/content/article/9-bis/carousel/775-frequently-asked-question-on-bis-s-russia-sanctions>, and U.S. Department of State, “Ukraine and Russia Sanctions,” at <https://2009-2017.state.gov/e/eb/tfs/spi/ukrainerrussia/>.

¹⁶³ In addition to individuals and entities in Russia, this total includes former Ukrainian officials, de facto officials of Crimea and the Donbas secessionist entities, and Crimea-based companies. EU sanctions are broadly similar to U.S. sanctions, although each has imposed sanctions on individuals and entities that the other has not.

assets; annexed Crimea to Russia; used illicit armed force in Ukraine; or conducted business, trade, or investment in occupied Crimea. Any individual or entity designated pursuant to these orders is subject to the blocking of assets under U.S. jurisdiction and denial of entry into the United States. In addition, U.S. persons are prohibited from engaging in transactions with designated entities or persons. The Department of the Treasury's Office of Foreign Assets Control (OFAC) continues to investigate transactions and designate persons and entities, most recently in June 2017.

In addition, in what are known as *sectoral sanctions*, OFAC restricts transactions by persons under U.S. jurisdiction related to investment and financing for designated state-controlled companies in Russia's financial sector and financing for designated companies in Russia's energy and defense sectors and prohibits transactions related to the development of deepwater, Arctic offshore, or shale oil projects within Russia. P.L. 115-44 directs the Secretary of the Treasury to further restrict financing in Russia's financial and energy sectors and to extend prohibitions related to the above oil projects to projects worldwide that involve any designated persons that have an ownership interest of not less than 33%. The Departments of State and Commerce also deny export licenses for military, dual-use, and energy-related goods for almost 200 designated end-users (most of which are also subject to Treasury-administered sanctions).

In addition, the Ukraine Freedom Support Act of 2014 (P.L. 113-272), as amended by P.L. 115-44, requires sanctions that were previously discretionary on foreign persons who make "a significant investment" in deepwater, Arctic offshore, or shale oil projects in Russia, and on foreign financial institutions that fund such projects or engage in transactions for any person subject to Ukraine-related sanctions.

The Support for the Sovereignty, Integrity, Democracy, and Economic Stability of Ukraine Act of 2014 (P.L. 113-95) requires sanctions on persons responsible for undermining "the peace, security, stability, sovereignty, or territorial integrity of Ukraine."

More than three years since Ukraine-related sanctions were first imposed, observers suggest that their effectiveness in changing Russian policy so far has been uncertain, even if they have probably had a negative effect on the Russian economy (see "Economic Impact of Sanctions," above). Russia has not reversed its occupation and annexation of Crimea, nor has it dropped support for the Donbas separatists. Since sanctions were introduced, however, Russia has signed two agreements that recognize all of the Donbas as a part of Ukraine, and Russian-backed rebel military operations have been limited to areas along the perimeter of the current conflict zone.

Sanctions for Malicious Cyber Activity

In December 2016, the Obama Administration identified nine individuals and entities as subject to sanctions for election-related malicious cyber activity (see "Malicious Cyber Activity," below).¹⁶⁴ Designees include Russia's leading spy agency (Federal Security Service, or FSB), military intelligence (Main Intelligence Directorate, or GRU), and senior GRU officials (including its head). Designees are subject to the blocking of assets under U.S. jurisdiction,

¹⁶⁴ Executive Order 13694, "Blocking the Property of Certain Persons Engaging in Significant Malicious Cyber-Enabled Activities," 80 Federal Register 18077, April 2, 2015, as amended by Executive Order 13757, "Taking Additional Steps to Address the National Emergency With Respect to Significant Malicious Cyber-Enabled Activities," 82 Federal Register 1, January 3, 2017. Also see U.S. Department of the Treasury, "Sanctions Related to Significant Malicious Cyber-Enabled Activities," at <https://www.treasury.gov/resource-center/sanctions/Programs/pages/cyber.aspx>, and The White House, "Fact Sheet: Actions in Response to Russian Malicious Cyber Activity and Harassment," December 29, 2016.

prohibitions on transactions with U.S. persons, and (for individuals) denial of entry into the United States.

P.L. 115-44 codified these sanctions and enlarged the scope of prohibited cyber-related activities to include a range of activities conducted on behalf of the Russian government that undermine the cybersecurity of any U.S. or foreign person.¹⁶⁵ P.L. 115-44 also requires restrictions on U.S. or foreign persons who engage in significant transactions with persons related to Russia's defense or intelligence sectors, as specified by the President.

Sanctions for Human Rights Violations and Corruption

Human rights-related sanctions also are specified in legislation. The Sergei Magnitsky Rule of Law Accountability Act of 2012 (P.L. 112-208, Title IV) requires the President to identify persons involved in the detention, abuse, or death of Sergei Magnitsky (see "U.S. Policy Under the Obama Administration," above), and the ensuing cover-up, or who are "responsible for extrajudicial killings, torture, or other gross violations of internationally recognized human rights" in Russia. Designees are subject to the blocking of assets under U.S. jurisdiction, prohibitions on transactions with U.S. persons, and denial of entry into the United States. To date, 44 individuals are subject to Magnitsky-related sanctions.¹⁶⁶

The Support for the Sovereignty, Integrity, Democracy, and Economic Stability of Ukraine Act of 2014 (P.L. 113-95), as amended by P.L. 115-44, requires sanctions on Russian government officials, associates, and family members responsible for acts of significant corruption and those who facilitate such acts. The act, as amended, also requires sanctions on foreign persons who support serious human rights abuses in territory Russia occupies or controls.

P.L. 115-44 requires sanctions on individuals who make or facilitate investments of \$10 million or more that contribute to Russia's privatization of state-owned assets "in a manner that unjustly benefits" government officials, relatives, or associates.

Other Sanctions

The Ukraine Freedom Support Act of 2014 (P.L. 113-272) requires sanctions against Russian state-run arms exporter Rosoboronexport; Russian entities that transfer weapons to Syria, Ukraine, Georgia, or Moldova and foreign financial institutions that engage in related transactions; and Gazprom, if the company is found to withhold natural gas from NATO member states.¹⁶⁷

¹⁶⁵ P.L. 115-44 defines these activities to include

- (1) significant efforts—(A) to deny access to or degrade, disrupt, or destroy an information and communications technology system or network; or (B) to exfiltrate, degrade, corrupt, destroy, or release information from such a system or network without authorization for purposes of—(i) conducting influence operations; or (ii) causing a significant misappropriation of funds, economic resources, trade secrets, personal identifications, or financial information for commercial or competitive advantage or private financial gain; (2) significant destructive malware attacks; and (3) significant denial of service activities.

¹⁶⁶ As of December 2016, the Global Magnitsky Human Rights Accountability Act (P.L. 114-328, Subtitle F) establishes similar human rights sanctions worldwide. For more on the Magnitsky sanctions program, see U.S. Department of the Treasury, "The Magnitsky Sanctions," at <https://www.treasury.gov/resource-center/sanctions/Programs/pages/magnitsky.aspx>.

¹⁶⁷ Rosoboronexport also has been designated for Ukraine-related sanctions under EO 13662. Restrictions against entering into government contracts and other transactions with Rosoboronexport have been in annual appropriations acts since 2013, as well as in the Iran, North Korea, and Syria Nonproliferation Act (P.L. 109-353). The latter's (continued...)

P.L. 115-44 also introduces other sanctions. The act requires sanctions on foreign persons that materially contribute to the Syrian government's ability to acquire or develop a variety of advanced or prohibited weapons and defense articles. The act also authorizes, but does not require, sanctions on U.S. or foreign persons who make investments or engage in trade, valued at \$1 million, or \$5 million over 12 months, that enhances Russia's ability to construct energy export pipelines.

The act also requires reports by the Secretary of the Treasury on the potential effects of expanding sanctions to include broader sets of Russian political and economic elites (*oligarchs*) and parastatal entities, and to sovereign debt and derivative products, as well as on U.S. efforts to combat illicit finance relating to Russia.

Russian individuals and entities also have been designated under sanctions regimes related to Syria, North Korea, terrorism, transnational crime, and weapons proliferation.

Malicious Cyber Activity

Interference in U.S. Elections¹⁶⁸

On January 6, 2017, the Office of the Director of National Intelligence (ODNI) released a declassified report on Russian activities and intentions related to the 2016 U.S. presidential election.¹⁶⁹ The report states that the Central Intelligence Agency, the Federal Bureau of Investigation (FBI), and the National Security Agency have “high confidence” that President Putin “ordered an influence campaign in 2016 aimed at the US presidential election” in order to “undermine public faith in the US democratic process, denigrate [Hillary] Clinton, and harm her electability and potential presidency.” The report also contends that the Russian government “aspired to help President-elect Trump’s election chances when possible by discrediting Secretary Clinton and publicly contrasting her unfavorably to him.”

Unofficial allegations of Russian interference in the presidential election were made public in or around June 2016.¹⁷⁰ Allegedly, the Russian government illicitly collected and authorized the release of emails and documents of the Democratic National Committee (DNC) and emails of Clinton’s campaign chairperson, John Podesta. These operations were alleged to be part of broader collection efforts against the Democratic Party; targets included other Clinton campaign

(...continued)

prohibitions do not apply to contracts related to the maintenance or repair of Mi-17 helicopters “for the purpose of providing assistance to the security forces of Afghanistan, as well as for the purpose of combating terrorism and violent extremism globally.” They also do not apply to procurement related to the purchase or maintenance of optical sensors that “improve the U.S. ability to monitor and verify Russia’s Open Skies Treaty compliance” (82 *Federal Register* 15547-15548, March 29, 2017).

¹⁶⁸ This section draws on CRS Insight IN10635, *Russia and the U.S. Presidential Election*, by Catherine A. Theohary and Cory Welt.

¹⁶⁹ “Assessing Russian Activities and Intentions in Recent US Elections,” Intelligence Community Assessment 2017-01D, January 6, 2017, at https://www.dni.gov/files/documents/ICA_2017_01.pdf.

¹⁷⁰ Ellen Nakashima, “Russian Government Hackers Penetrated DNC, Stole Opposition Research on Trump,” *Washington Post*, June 14, 2016, at https://www.washingtonpost.com/world/national-security/russian-government-hackers-penetrated-dnc-stole-opposition-research-on-trump/2016/06/14/cf006cb4-316e-11e6-8ff7-7b6c1998b7a0_story.html.

staffers (some of whose emails were released) and the Democratic Congressional Campaign Committee (which had emails and personal information released).¹⁷¹

Operations focused on the Democratic Party, in turn, appear to have been part of a broader campaign against U.S. and international targets. In the United States, targets allegedly included a number of Republican-connected individuals, including state-level officials and campaigns, as well as former NATO Supreme Allied Commander Phillip Breedlove and former Secretary of State Colin Powell.¹⁷² Although collection efforts included Republican targets, then-FBI Director James Comey stated in a January 10, 2017, hearing that Russian hackers breached and exfiltrated data from “old domains” of the Republican National Committee (RNC) and that investigators found no evidence that the current RNC or the Trump campaign were “successfully hacked.”¹⁷³ No emails connected to either the RNC or the Trump campaign were released.

The majority of released emails, including most of those from the DNC and Podesta, were disclosed by WikiLeaks, which allegedly received emails from Russian intelligence-connected sources. Other emails and materials were released by online persona Guccifer 2.0 and website DC Leaks, both allegedly linked to Russian intelligence.¹⁷⁴

The ODNI report generally corroborates these claims. It also corroborates further claims that “Russian intelligence accessed elements of multiple state or local electoral boards.” In June 2017, Department of Homeland Security officials testified before the Senate Select Committee on Intelligence that “election-related networks, including websites, in 21 states were potentially targeted by Russian government cyber actors,” including “a small number [that] were successfully compromised.”¹⁷⁵ The ODNI report also noted that the Russian government engaged in international influence efforts through state-run media and social media “trolls” for the purposes of promoting Trump and denigrating Clinton.¹⁷⁶

Although some state-level voter registration systems may have been hacked, the ODNI report said that there was no evidence of tampering with vote tallies or that information in emails released by WikiLeaks had been tampered with prior to the emails’ release. The report also states that although Russia pursued Republican-affiliated targets, it “did not conduct a comparable disclosure campaign.”¹⁷⁷

¹⁷¹ On early reports of Clinton campaign and Democratic Congressional Campaign Committee intrusions, see SecureWorks Counter Threat Unit Intelligence, “Threat Group-4127 Targets Hillary Clinton Presidential Campaign,” June 16, 2016, at <https://www.secureworks.com/research/threat-group-4127-targets-hillary-clinton-presidential-campaign>, and Joseph Menn, Dustin Volz, and Mark Hosenball, “Exclusive: FBI Probes Hacking of Democratic Congressional Group—Sources,” Reuters, July 29, 2016, at <http://www.reuters.com/article/us-usa-cyber-democrats-exclusive-idUSKCN1082Y7>.

¹⁷² Elias Groll, “Russian Hacking Campaign Hits Republicans, Too,” *Foreign Policy*, August 12, 2016, at <http://foreignpolicy.com/2016/08/12/russian-hacking-campaign-hits-republicans-too>.

¹⁷³ Testimony of FBI Director James Comey, in U.S. Congress, Senate Select Intelligence Committee, *Russian Intelligence Activities*, hearings, 115th Cong., 1st sess., January 10, 2017. Transcript available at <http://www.cq.com/doc/congressionaltranscripts-5017431>.

¹⁷⁴ Thomas Rid, “How Russia Pulled Off the Biggest Election Hack in U.S. History,” *Esquire*, October 20, 2016, at <http://www.esquire.com/news-politics/a49791/russian-dnc-emails-hacked>.

¹⁷⁵ Testimony of Jeanette Manfra, Acting Deputy Undersecretary for Cybersecurity and Communications, National Protection and Programs Directorate, and Dr. Samuel Liles, Acting Director, Cyber Division, Office of Intelligence and Analysis, U.S. Department of Homeland Security, in U.S. Congress, Senate Select Intelligence Committee, *Addressing Threats to Election Infrastructure*, hearings, 115th Cong., 1st sess., June 21, 2017, at <https://www.intelligence.senate.gov/sites/default/files/documents/os-jmanfra-062117.PDF>.

¹⁷⁶ “Assessing Russian Activities and Intentions in Recent US Elections,” Intelligence Community Assessment.

¹⁷⁷ *Ibid.*

Congress is investigating Russian interference in U.S. elections. In January 2017, the House and Senate Select Committees on Intelligence launched inquiries into Russian cyber activities and “active measures” surrounding the U.S. election, as well as more broadly.¹⁷⁸ The Senate Committees on Armed Services, Foreign Relations, and Judiciary have conducted related hearings. Some Members also have proposed a variety of other independent or joint commissions, committees, or investigations.¹⁷⁹

Other Activities

The U.S. government also has taken legal actions against Russian individuals for alleged malicious cyber activities that are apparently unrelated to elections. In December 2016, two individuals became subject to cybercrime-related sanctions, including for the alleged “theft of over \$100 million” from U.S. businesses and institutions and personal information from over 500 million Yahoo accounts.¹⁸⁰ In March 2017, the Department of Justice indicted four individuals, including one of those subject to sanctions and two FSB officers, on charges related to the theft of Yahoo user information.¹⁸¹ The Department of Justice is seeking the extradition from the Czech Republic and Spain of two other Russian individuals suspected of cybercrimes.¹⁸² In April 2017, another Russian individual, who is the son of a Russian member of parliament, was sentenced to 27 years in prison for charges related to credit card and identity theft.¹⁸³

In recent months, several people have been prosecuted inside Russia for other alleged cybercrimes.¹⁸⁴ Although details are scant, those arrested include FSB officials who are reportedly being tried for treason, including one subsequently indicted in the United States for economic crimes. Some Russian media have speculated that the arrests were related to Russia’s interference in U.S. elections. Others arrested or charged in absentia have been accused of being members of a hacking group known as *Shaltai Boltai* (Humpty Dumpty in Russian) or Anonymous International that allegedly acquired, distributed, and sold private information of Russian officials

¹⁷⁸ Office of Richard Burr, U.S. Senator for North Carolina, “Joint Statement on Committee Inquiry into Russian Intelligence Activities,” press release, January 13, 2017, at <https://www.burr.senate.gov/press/releases/joint-statement-on-committee-inquiry-into-russian-intelligence-activities>; U.S. House of Representatives Permanent Select Committee on Intelligence, “Joint Statement on Progress of Bipartisan HPSCI Inquiry into Russian Active Measures,” January 25, 2017, at <http://intelligence.house.gov/news/documentsingle.aspx?DocumentID=758>.

¹⁷⁹ For example, H.R. 356, H.Con.Res. 15, H.Con.Res. 24, and S. 27.

¹⁸⁰ The White House, “Fact Sheet: Actions in Response to Russian Malicious Cyber Activity and Harassment,” December 29, 2016.

¹⁸¹ U.S. Department of Justice, “U.S. Charges Russian FSB Officers and Their Criminal Conspirators for Hacking Yahoo and Millions of Email Accounts,” March 15, 2017, at <https://www.justice.gov/opa/pr/us-charges-russian-fsb-officers-and-their-criminal-conspirators-hacking-yahoo-and-millions>.

¹⁸² U.S. Department of Justice, “Yevgeniy Nikulin Indicted for Hacking LinkedIn, Dropbox and Formspring,” October 21, 2016, at <https://www.justice.gov/opa/pr/yevgeniy-nikulin-indicted-hacking-linkedin-dropbox-and-formspring>; U.S. Department of Justice, “Russian National Indicted with Multiple Offenses in Connection with Kelihos Botnet,” April 21, 2017, at <https://www.justice.gov/opa/pr/russian-national-indicted-multiple-offenses-connection-kelihos-botnet>.

¹⁸³ U.S. Department of Justice, “Russian Cyber-Criminal Convicted of 38 Counts Related to Hacking Businesses and Stealing More Than Two Million Credit Card Numbers,” August 25, 2016, at <https://www.justice.gov/opa/pr/russian-cyber-criminal-convicted-38-counts-related-hacking-businesses-and-stealing-more-two>; Nicole Perlroth, “Russian Hacker Sentenced to 27 Years in Credit Card Case,” *New York Times*, April 21, 2017, at <https://www.nytimes.com/2017/04/21/technology/russian-hacker-sentenced.html>.

¹⁸⁴ On the cases described here, see Vitnija Saldava and Vladimir Isachenkov, “Russian Hackers Get Burned in Deal with Russia’s Spy Agency,” February 9, 2017, Associated Press, <https://apnews.com/0bf1a1845d014d3fb5b328b559a8c0cb>; and Lincoln Pigman, “Hacker Who Aided Russian Intelligence Is Sentenced to 2 Years,” July 6, 2017, *New York Times*, <https://www.nytimes.com/2017/07/06/world/europe/vladimir-anikeev-russia-hacking.html>.

since 2013. After reportedly cooperating with authorities and pleading guilty, the head of the hacking group was sentenced to two years in prison in July 2017.

Nuclear Arms Control and Nonproliferation¹⁸⁵

During the Cold War, arms control negotiations and treaties played a key role in the relationship between the United States and the Soviet Union. Arms control negotiations were often one of the few channels for formal communication. The talks provided the United States and the Soviet Union with a forum to air their security concerns and raise questions about plans and programs. During the 1990s, as the relationship between the United States and Russia improved, arms control no longer played as central a role in fostering cooperation between the two nations. Nonetheless, since 1992, the United States and Russia have negotiated three arms control treaties, of which two ultimately entered into force: the Strategic Offensive Reductions Treaty of 2002 and the New Strategic Arms Reduction (New START) Treaty of 2010.

Currently, the New START Treaty and the 1987 Intermediate-Range Nuclear Forces (INF) Treaty are the two fundamental nuclear arms control agreements between the United States and Russia. The New START Treaty expires in 2021, though it may be extended for a period of five years; the two countries must meet the treaty's limits on strategic arms by February 2018. The treaty limits each side to no more than 800 land-based intercontinental (ICBM) and submarine-launched (SLBM) ballistic missile launchers and heavy bombers equipped to carry nuclear armaments; within that total, each side may retain no more than 700 deployed ICBMs, SLBMs, and heavy bombers. The treaty also limits each side to no more than 1,550 deployed warheads. In addition, the treaty requires extensive monitoring and inspection activity. The Trump Administration has not offered any official statements on the future of New START and has not indicated whether it might seek a five-year extension of the treaty or negotiate a new treaty before New START's 2021 expiration.

With regard to the INF Treaty, most experts agree that the elimination of intermediate-range missiles in Europe mitigated a key source of potential instability. However, in 2014, the United States charged Russia with violating the INF Treaty by developing a ground-launched cruise missile with a range between 500 and 5,500 kilometers, which is banned by the INF Treaty (the treaty does not ban or restrict air-delivered or sea-based missiles).¹⁸⁶ In October 2016, press reports indicated that the Obama Administration believed Russia may be moving toward deployment, as it had begun to produce the missile in numbers greater than what was needed for a test program.¹⁸⁷ In testimony before the House Armed Services Committee on March 8, 2017, General Paul Selva, the vice chairman of the Joint Chiefs of Staff, confirmed press reports that Russia had begun to deploy a new ground-launched cruise missile.¹⁸⁸ He stated that Russia's deployment had violated the "spirit and intent" of the treaty, that Russia had deliberately

¹⁸⁵ This section draws on CRS Report R43037, *Next Steps in Nuclear Arms Control with Russia: Issues for Congress*, by Amy F. Woolf; CRS Report R41219, *The New START Treaty: Central Limits and Key Provisions*, by Amy F. Woolf; CRS Report R43832, *Russian Compliance with the Intermediate Range Nuclear Forces (INF) Treaty: Background and Issues for Congress*, by Amy F. Woolf; and CRS Report R43143, *The Evolution of Cooperative Threat Reduction: Issues for Congress*, by Mary Beth D. Nikitin and Amy F. Woolf.

¹⁸⁶ U.S. Department of State, *Adherence to and Compliance with Arms Control, Nonproliferation, and Disarmament Agreements and Commitments*, July 2014, pp. 8-10, at <https://www.state.gov/t/avc/rls/rpt/2014/230047.htm>.

¹⁸⁷ Michael R. Gordon, "Russia Is Moving Ahead with Missile Program That Violates Treaty, U.S. Officials Say," *New York Times*, October 19, 2016, at <https://www.nytimes.com/2016/10/20/world/europe/russia-missiles-inf-treaty.html>.

¹⁸⁸ Michael R. Gordon, "Russia Deploys Missile, Violating Treaty and Challenging Trump," *New York Times*, February 14, 2017, at <https://www.nytimes.com/2017/02/14/world/europe/russia-cruise-missile-arms-control-treaty.html>.

deployed the missile to pose a threat to NATO facilities, and that it showed no inclination to return to compliance with the treaty.¹⁸⁹

The United States and Russia also are party to other arms control treaties and agreements. Some of these agreements mandate strategic exercise and missile launch notifications. The United States signed a “hotline” agreement with the Soviet Union in 1963, establishing a permanent means for emergency communications; this agreement was updated in 2008. The United States and Russia still use the system; reports indicate that President Obama used it to communicate with Putin about the hacking and interference with the U.S. elections.¹⁹⁰ The two countries also established Nuclear Risk Reduction Centers (NRRC) in 1987. These centers have served as a mechanism for the parties to provide notifications and transmit data mandated by bilateral arms control agreements and the 1988 Ballistic Missile Launch Notification Agreement. Consequently, the NRRCs remain significant for the implementation of other agreements.

In addition, since 1992, the United States has spent more than \$10 billion to help Russia (and the other former Soviet states) dismantle nuclear weapons and ensure the security of nuclear weapons, weapons-grade nuclear material, other weapons of mass destruction, and related technological know-how. This funding supported the Cooperative Threat Reduction Program managed by the Department of Defense, along with nonproliferation programs managed by the Departments of Energy and State. These programs helped to transport, store, and eliminate weapons in Russia. They also funded improvements in security at storage areas for nuclear weapons and materials. Over time, the United States allocated a growing proportion of its funding to projects that focused on securing and eliminating chemical and biological weapons and securing storage sites that house nuclear warheads removed from deployed weapons systems.

The memorandum of understanding that governed implementation of U.S.-Russian cooperation in threat reduction and nonproliferation expired in June 2013. In its stead, the United States and Russia signed a new bilateral protocol to a 2008 Multilateral Nuclear Environmental Program in Russia Framework Agreement, a vehicle under which countries aid Russia with Soviet-era weapons cleanup work.¹⁹¹ Under this new framework, the two countries agreed to cooperate on some areas of nuclear security but nuclear weapons dismantlement and chemical weapons destruction projects ceased. The United States and Russia also continued to cooperate on nuclear nonproliferation objectives in other countries, such as removing weapons-usable fuel from research reactors, and planned bilateral nuclear research projects.

Joint nonproliferation efforts declined further after Russia’s actions in Ukraine. In April 2014, the U.S. Department of Energy put certain joint research projects and meetings on hold.¹⁹² In December 2014, Russia informed the United States it would no longer accept U.S. assistance in

¹⁸⁹ Testimony of Gen. Paul Selva, Vice-Chairman of the Joint Chiefs of Staff, in U.S. Congress, House Armed Services Committee, *Military Assessment of Nuclear Deterrence Requirements*, hearings, 115th Cong., 1st sess., March 8, 2017. Transcript available at <http://www.cq.com/doc/congressionaltranscripts-5056669>. Also see Michael R. Gordon, “Russia Has Deployed Missile Barred by Treaty, U.S. General Tells Congress,” *New York Times*, March 8, 2017, at <https://www.nytimes.com/2017/03/08/us/politics/russia-inf-missile-treaty.html>.

¹⁹⁰ David E. Sanger, “White House Confirms Pre-election Warning to Russia over Hacking,” *New York Times*, November 16, 2016, at <https://www.nytimes.com/2016/11/17/us/politics/white-house-confirms-pre-election-warning-to-russia-over-hacking.html>.

¹⁹¹ U.S. Department of State, “A New Legal Framework for U.S.-Russian Cooperation in Nuclear Nonproliferation and Security,” June 19, 2013, at <https://2009-2017.state.gov/r/pa/prs/ps/2013/06/210913.htm>.

¹⁹² David E. Sanger and William J. Broad, “U.S.-Russia Nuclear Deal Stalls as Tensions over Ukraine Rise,” *New York Times*, August 2, 2014, at <https://www.nytimes.com/2014/08/03/world/europe/us-nuclear-deal-with-russia-fails-as-tensions-rise.html>.

securing nuclear materials under an agreement to cooperate on protection, control, and accounting of nuclear materials (the agreement expired in June 2017).¹⁹³ At the end of 2014, Congress stated that most nuclear security activities in Russia were to be completed no later than 2018 (P.L. 113-291, §3122), and Congress has since imposed restrictions on nonproliferation assistance funding to Russia, except with a national security waiver (P.L. 114-328, §3122).

The most prominent remaining bilateral nuclear security projects in Russia ceased in 2016. On October 3, 2016, President Putin issued a decree suspending participation in a bilateral U.S.-Russian weapons plutonium disposal agreement (the 2000 Plutonium Management and Disposition Agreement, or PMDA).¹⁹⁴ The next day, Russia suspended participation in a 2013 cooperative agreement on nuclear- and energy-related research (which already had been largely frozen since 2014) and terminated a 2010 agreement on exploring options for converting research reactors from weapons-usable fuel (which had been largely completed).¹⁹⁵ Both sides said they would continue to work on pledges made under the PMDA.

Outlook

Moving forward, most expect Congress to continue to play an active role in shaping U.S. policy toward Russia. In doing so, Members of Congress may consider several issues, including but not limited to the following:

- monitoring the Administration's implementation of new sanctions requirements on Russia;
- monitoring the Administration's implementation of programs intended to respond to Russian interference in U.S. and European domestic political processes;
- assessing current and possible future measures to reassure European allies and partners and to deter potential Russian aggression;
- considering ways to promote Russia's compliance with its commitments to resolve the Ukraine conflict;
- developing responses to Russian violations of the INF Treaty;
- determining whether additional possibilities exist to cooperate with Russia in the resolution of the Syria conflict and the fight against the Islamic State; and
- examining whether other policy areas still exist in which cooperation with Russia remains both possible and in the U.S. interest (e.g., North Korea nuclear program, arms control, cybersecurity dialogue, space).

¹⁹³ Bryan Bender, "Russia Ends U.S. Nuclear Security Alliance," *Boston Globe*, January 19, 2015, at <https://www.bostonglobe.com/news/nation/2015/01/19/after-two-decades-russia-nuclear-security-cooperation-becomes-casualty-deteriorating-relations/5nh8NbtjitUE8UqVWFlooL/story.html>.

¹⁹⁴ For more, see CRS Insight IN10594, *Recent Developments in U.S.-Russian Nonproliferation Cooperation*, by Mary Beth D. Nikitin and Cory Welt, and CRS Report R43125, *Mixed-Oxide Fuel Fabrication Plant and Plutonium Disposition: Management and Policy Issues*, by Mark Holt and Mary Beth D. Nikitin.

¹⁹⁵ Lidia Kelly, "Russia Suspends Nuclear Agreement, Ends Uranium Research Pact with United States," Reuters, October 5, 2016, at <http://www.reuters.com/article/us-russia-usa-nuclear-uranium-idUSKCN12521J>.

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