

US Project Meeting Note: Transatlantic Strategy Group on the Future of US Global Leadership

Roundtable I: Responding to a Revanchist Russia

12 September 2014

On 12 September 2014, the **Transatlantic Strategy Group on the Future of US Global Leadership** held its first roundtable, 'Responding to a Revanchist Russia'. It brought together a small group of experts from Europe, Russia and the United States to discuss how US policy towards Russia is changing, what this means for Europe as a whole, particularly NATO countries and thus how Europe, and the European Union, should respond. The principal points are summarized below

Key messages:

- **Europe needs to have more confidence.** European countries acting as a whole are stronger and better at making decisions than they give themselves credit for. Europe should also realize it can outlast Russia in a sanctions battle. However, Europe needs to behave as a coherent, united front.
- **The US and Europe have differing concerns regarding Russia.** US trade with Russia totals around \$40 billion, compared with total EU trade with Russia of over \$460 billion. The US does not have the same energy vulnerabilities as Europe. America's distance makes the perceived threat less tangible.
- **Europe needs to understand that the US may not always be the lead actor.** The US is re-engaging in Europe but faces huge challenges elsewhere in the world and at home. Europe needs to invest in its own defence. NATO must be strengthened.
- **Sanctions are a long-term policy and only part of the solution.** Russia can weather sanctions in the short term, but the long-term effects and the damage from the market will be impossible for the regime to withstand. However, it is important to realize that sanctions cannot be the solution alone. The broader policy must include diversifying energy supplies, pursuing a stronger transatlantic relationship and supporting Ukraine.
- **There is no potential grand strategic bargain with Russia.** Conceding Crimea or finding some other compromise will only embolden the regime. There is a strong desire by some to return to the status quo as quickly as possible, but this must be resisted.

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Understanding Russian foreign policy interests

- **Russian foreign policy must be understood through the motivations of President Vladimir Putin.** Foreign policy in Russia is controlled in an exclusive and opaque fashion by Putin and the small circle around him. This is in contrast to the West, where it is made by a relatively wide group through well-established processes. In addition, Western leaders make foreign policy in an environment with a diversity of interest groups and wide-ranging popular opinion; Putin does not. Nevertheless, he is not unique in his thinking: the Russian political elite was traumatized by the collapse of the Soviet Union and many want to reverse perceived past geopolitical losses.
- **Putin's actions are driven by the need to maintain his own power.** He is alarmed by the idea of a popular uprising like the Arab Spring or a colour revolution developing in Russia. One of his main goals is to destroy the spirit of the 2011 Moscow protests and prevent a successful Western-orientated democracy emerging in Ukraine. The stakes for Putin are higher than those for the West: it is quite literally a matter of life and death. Russia's goals are a) to maintain some control and oversight of the states of the former Soviet Union (Russia's near abroad); b) to open markets in Asia; and c) to develop a transactional relationship on equal grounds with the United States.
- **Putin has underestimated the Western response to Ukraine.** He calculated that it would be similar to Western reaction to the Georgia 2008 conflict (in other words, temporary and limited). He views the West as divided and distracted. He has thus been particularly shocked at the loss of support from German Chancellor Angela Merkel and the relatively united and quick response from the West.
- **Russian power is weakening.** The long-term demographics for Russia are very negative. The working-age Russian population will drop from 101 million today to 91 million by 2030. Gazprom's financial reserves have already been greatly reduced as a result of the current crisis while the US energy revolution has weakened the value and utility of Russia's energy reserves. Finally, Russia is losing political support in Europe.
- **The idea that Putin has planned the current crisis as part of some grand strategy is overstated.** In reality, he has a consistent set of goals and has taken advantage of opportunities to pursue them. Putin is a high-risk player. He understands that military force is viable locally, but not on a larger scale. He has also pursued a very effective information war.
- **Russia views the EU as a threat to Russia's technocratic model and a real danger if allowed to enlarge to include Ukraine.** At the same time, it views the United States as both a fundamental adversary and the benchmark to be measured against.

Future US policy

- **America is re-engaging in Europe, but is constrained.** The rebalancing to Asia, sequestration, challenges in the Middle East and ongoing domestic economic problems are all competing with the situation in Ukraine for the US administration's attention and resources. The US military will not withdraw from Europe, but in the long term it is likely to play a supporting rather than a leading role.

- **Russian action has clearly caught the US administration off-guard.** President Barack Obama continues to search for ways to de-escalate the conflict that do not exist. European countries are unsure as to how committed the US is to its defence obligations.
- **American interests in Russia are divergent from European interests.** US trade with Russia totals around \$40 billion, compared with total EU trade with Russia of over \$460 billion. The United States needs Russia less and less to achieve its objectives abroad. For example, the withdrawal from Afghanistan makes transit through Russian airspace less essential in the long term. Russia is competing with broader US security commitments. Europe shares this challenge, but has fewer commitments in areas such as Asia.
- **The US and Europe agree on the broad strategy for dealing with Russia in Ukraine.** The transatlantic allies have agreed that there is no military solution to the situation in Ukraine; that Russia must abide by its earlier promises on Ukrainian sovereignty; and that by working together, Europe and the US will be more successful. The US is focused on building interoperability, collective defence and expanding training within NATO. However, all the NATO countries have been slow to respond to Russia's hybrid warfare tactics
- **The US–Russia relationship reset has failed.** The attempt was badly thought out and somewhat naïve. Leaders from European capitals have also tried similar manoeuvres with no success.
- **Western, particularly US, policy is overly focused on sanctions.** These are flexible and can be reversed or ratcheted up depending on Russian actions. However, beyond the maintenance of the current set of sanctions, a fuller policy has not been developed.
- **The US administration will continue to try to work with Russia quietly where it makes sense.** Russia and the US have some shared interests in Iran, the broader Middle East and other areas. However, despite these common interests, it will be hard to push against those (particularly in Russia) who want something in exchange for cooperating with the US (despite it being in their interests too).

How should Europe respond?

- **Europe needs to have more confidence.** European countries acting as a whole are stronger and better at making decisions than they give themselves credit for. The relatively rapid reaction to Russian aggression and imposition of sanctions by European governments demonstrates this. Europe should also realize it can outlast Russia in a sanctions battle. However, Europe needs to behave as a coherent, united front.
- **Europe needs to understand that the US may not always be the lead actor.** The US is re-engaging in Europe, but faces huge challenges elsewhere in the world and at home. Europe needs to invest in its own defence. NATO must be strengthened. The West must strengthen the transatlantic relationship through initiatives such as the Transatlantic Trade and Investment Partnership (TTIP).
- **Energy supplies must be diversified.** This will be both beneficial to Europe in the long term and reduce a key point of leverage for Russia. Europe should also look to formulate a transatlantic energy policy with the US (although the Asian market is more profitable for the US than the European one, strategic interests in the latter area appear to outweigh those in Asia).
- **Sanctions are only part of the solution.** Russia can afford sanctions in the short term, but the long-term effects and particularly the economic damage caused by the market will be

impossible for the regime to withstand. Smart sanctions should include visa restrictions against key allies of Putin. However, it is important to realize that sanctions should be part of the solution, not the solution itself.

- **The West must avoid a shooting war.** Russia can be overcome economically. A new Cold War for Europe is far less serious than a new hot war.
- **There is no potential grand strategic bargain with Russia.** Conceding Crimea or finding some other concession will only embolden Putin and set a precedent that will be harder to deal with later. There is a strong desire in Western bureaucracies to return to the status quo – Russia as a place to do business – but this must be resisted.
- **Ukraine and Eastern Europe must be supported.** Europe must give priority to helping Ukraine become a successful Europe-orientated nation. Strengthening other eastern European countries is also important.
- **Understand and deal with Putin's tactics.** The West must be aware that Putin can achieve many objectives without breaching NATO's Article V. NATO countries should formulate tactics to deal with hybrid warfare and other approaches. For example, the EU can assist by training and equipping a cadre of independent journalists who can uncover the disinformation so successfully promulgated by Russia.
- **Cooperate with Russia where it makes sense.** Europe should keep the door open for cooperation with Russia on areas of mutual interest (e.g. counter-terrorism). However, it is vital that Russia is not additionally rewarded for doing something that is in its own interests.
- **Engage Russia as a united Europe.** Russia does not like to work with multilaterals and prefers to play on divisions within Europe. There are true divergences within Europe in terms of interests, expectations and resilience. However, there has been a real shift in European attitudes towards taking action since the downing of flight MH17. These divisions must be understood and dealt with. A Europe working together is more powerful.