

**RUSSIA:  
ARMS CONTROL,  
DISARMAMENT AND  
INTERNATIONAL  
SECURITY**

**IMEMO CONTRIBUTIONS  
TO THE RUSSIAN EDITION  
OF THE SIPRI YEARBOOK 2006**

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**MOSCOW 2007**

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RUSSIAN ACADEMY OF SCIENCES  
INSTITUTE OF WORLD ECONOMY AND  
INTERNATIONAL RELATIONS  
(IMEMO)

**RUSSIA:  
ARMS CONTROL, DISARMAMENT  
AND INTERNATIONAL SECURITY**

IMEMO SUPPLEMENT  
TO THE RUSSIAN EDITION  
OF THE SIPRI YEARBOOK 2006

Compiled and edited by  
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## CONTENTS

PREFACE	5
ACRONYMS	9
<b>PART I. ANALYSES, FORECASTS, DISCUSSIONS</b>	
1. The G8 ST. PETERSBURG SUMMIT: ISSUES OF INTERNATIONAL SECURITY Vladimir BARANOVSKY	12
Major themes of the summit	13
Nonproliferation, terrorism, conflicts	16
The G8 summit as a factor of international security	21
2. ECONOMIC AND HUMANITARIAN INTERACTION IN THE CIS. Ruslan GRINBERG	27
Russia's significance for other CIS countries	28
Dividing line	29
The CIS and Russia: current issues	30
Space of competition	32
The CIS countries: distancing from each other is a real possibility	34
Outlines of new policy	35
A threat to national security?	38
3. VULNERABILITIES AND DEFICIENCIES OF THE NUCLEAR NONPROLIFERATION REGIME Alexei ARBATOV ...	41
The Treaty on the Non-Proliferation of Nuclear Weapons	42
The bounds of proliferation	43
The dialectic of the 'peaceful' and the 'military' atom	45
Legal withdrawal from the NPT	47
The full nuclear fuel cycle	49
The world nuclear market	51
Priorities of great powers	53
4. THE UN SECURITY COUNCIL AS THE ULTIMATE ENFORCER OF WMD NONPROLIFERATION RULES Alexandre KALIADINE	58
The need for vigorous compliance	58
UNSC enforcement experience	59
Sanctions to secure compliance	61
Supplementary enforcement arrangements	65

4 CONTENTS

Non-compliance with UNSC decisions: the case of Iran	67
Combating proliferation to non-state entities	76
Steps to strengthen enforcement	78
<b>5. RUSSIA AND THE GP. Alexander PIKAYEV</b>	<b>86</b>
Implementation of the Global Partnership Program	86
Outstanding general issues	96
<b>6. DILEMMAS OF CONVENTIONAL ARMS CONTROL IN EUROPE. Sergei OZNOBISHCHEV</b>	<b>100</b>
The Istanbul arrangements: compliance controversies	101
Third CFE Review Conference	103
Looking ahead	107
<b>7. DISCUSSIONS AT THE IMEMO. Vadim Vladimirov</b>	<b>110</b>
Account of the presentation of the Russian edition of the SIPRI Yearbook 2005	110
Seminar on nuclear disarmament and nonproliferation	111

**PART II. EXPERT INSIGHTS**

<b>8. The 2007 RUSSIAN DEFENSE BUDGET AND TRENDS IN MILITARY POLICY</b>	
<b>Alexei ARBATOV and Pyotr ROMASHKIN</b>	<b>119</b>
Resource allocation for defense needs	119
Dilemmas of military policy	126
<b>9. IS THE ARMY REFORM OVER? (ANALYSIS OF MOD PUBLICATIONS)</b>	
<b>Vladimir DVORKIN</b>	<b>142</b>
Threats to military security and strategic goals	143
Reform results and the RAF current state	145
Common security interests	149

**ANNEX. KEY DOCUMENTS OF THE RUSSIAN  
FEDERATION ON NATIONAL, SECURITY, DEFENSE  
AND ARMS CONTROL (JANUARY–DECEMBER 2006)**

<b>Tamara FARNASOVA</b>	<b>153</b>
1. Legislative acts	153
2. Normative acts	156

<b>ABOUT THE CONTRIBUTORS</b>	<b>159</b>
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## PREFACE

The Institute of World Economy and International Relations presents in this volume the 7th edition of *RUSSIA: ARMS CONTROL, DISARMAMENT AND INTERNATIONAL SECURITY*. It gathers together IMEMO contributions to the Russian edition of the *SIPRI Yearbook 2006: Armaments, Disarmament and International Security*.

The volume provides independent analyses of events both in international arms control and Russian defense spending and military policy, affecting arms reductions. The latest edition deals with a range of issues relating to developments in the field of nuclear disarmament and nonproliferation, conventional arms control in Europe, economic and humanitarian interaction in the Community of Independent States that occurred during 2006. It includes extensive sections on the G8 St. Petersburg summit; challenges facing the WMD nonproliferation regime and efforts to strengthen its enforcement underway in the UN Security Council and outside the UNO. They also cover various challenges relating to adapting Russian military policy to the new strategic environment and demands of the 21st century.

For Russia, considering its external conditions and domestic problems, making the right choice and the adoption of essential and urgent decisions are particularly important. A broad and open discussion of the fundamental problems and dilemmas of its defense policy, a critical reassessment of its many deeply rooted postulates and the formation of a more rational and transparent decision-making system should constitute the basis for decisions. There is also a great need for more aggressive and innovative policies on Moscow's part on arms limitations and reductions. Much better coordination of the positions of bureaucratic institutions in the area of defense and foreign policy is badly needed. And for its part the Russian parliament should assume the role of a scrupulous judge of proposals from the executive branch.

I would like to thank the Corresponding Member of the Russian Academy of Sciences, Dr Alexei Arbatov and Dr Alexandre Kaliadine for contributing, compiling and editing this volume. Particular appreciation is due to George Bechter, Tamara Farnasova, and Vladimir Svarichovsky for helping to prepare the manuscript for publication.

I would like to acknowledge the generous support of the Swiss Federal Department of Defence, Civil Protection and Sports in assisting in the publication of this volume.

Academician Alexander Dynkin  
Director

Institute of World Economy and International Relations  
Russian Academy of Sciences  
March 2007

## ACRONYMS

AAD	– anti-air defense
ABM	– anti-ballistic missile
ACV	– armored combat vehicle
ALCM	– air-launched cruise missile
ASEAN	– Association of Southeast Asian Nations
ASW	– anti-submarine warfare
ATTU	– Atlantic to the Urals (zone)
BMD	– ballistic missile defense
CBM	– confidence-building measure
CD	– Conference on Disarmament
CFE Treaty	– Treaty on Conventional Armed Forces in Europe
CIS	– Commonwealth of Independent States
CRDF	– Collective Rapid Deployment Force
CSBM	– confidence- and security-building measure
CSTO	– Collective Security Treaty Organization
CTBT	– Comprehensive Nuclear-Test-Ban Treaty
CTC	– Counter-Terrorism Committee (UNO)
CWC	– Chemical Weapons Convention
CWD	– chemical weapon destruction
CWDF	– chemical weapon destruction facility
CWDP	– chemical weapon destruction program
CWPF	– chemical weapon production facility
CWSF	– chemical weapon storage facility
DOD	– Department of Defense (USA)
DOE	– Department of Energy (USA)
DPRK	– Democratic People’s Republic of Korea
EPND	– Environmental Partnership Fund of the Northern Dimension
EU	– European Union
EurAsEC	– Eurasian Economic Community
FA	– Federal Assembly (Russia)
FC	– Federation Council (Russia)
FBR	– fast-breeder reactor
FBS	– forward-based system
FMCT	– Fissile Material Cut-Off Treaty
G8	– Group of Eight
GP	– Global Partnership Program
GDP	– gross domestic product
GPF	– General-Purpose Forces (Russia)
GUAM	– Georgia, Ukraine, and Moldova (a grouping)

HEU	– highly-enriched uranium
IAEA	– International Atomic Energy Agency
ICBM	– intercontinental ballistic missile
ICOC	– International Code of Conduct Against Ballistic Missile Proliferation
IMEMO	– Institute of World Economy and International Relations
ISTC	– International Science and Technology Center
JCG	– Joint Consultative Group (Europe)
MIC	– military-industrial complex (defense-industrial complex)
MW	– megawatt
MIRV	– multiple independently targeted re-entry vehicle
MNEPR	– Multilateral Nuclear Environmental Program in Russia
MOD	– Ministry of Defense (Russia)
MPC&A	– material protection, control and accounting
MSC	– Military Staff Committee (UNO)
MTC	– military-technical cooperation
MTCR	– Missile Technology Control Regime
NACG	– Nuclear Armament Consultative Group (SIPRI)
NAM	– Non-Aligned Movement
NATO	– North Atlantic Treaty Organization
NC	– national ceiling
NFC	– nuclear fuel cycle
NGO	– non-governmental organization
NIS	– new independent state
NMD	– national missile defense (USA)
NNWS	– non-nuclear-weapon state
NPT	– Treaty on the Non-Proliferation of Nuclear Weapons (Nuclear Non-Proliferation Treaty)
NSA	– negative security assurances
NSG	– Nuclear Suppliers Group
NTM	– national technical means (of verification)
NW	– nuclear weapon
NWFZ	– nuclear-weapon-free zone
NWS	– nuclear-weapon state
OSCE	– Organization for Security and Co-operation in Europe
PSI	– Proliferation Security Initiative
R&D	– research and development
RAF	– Russian Armed Forces
RF	– Russian Federation
RNC	– Russian-NATO Council
SCO	– Shanghai Cooperation Organization
SD	– State Duma (Russia)
SDF	– Strategic Deterrent Force

SIPRI	– Stockholm International Peace Research Institute
SLBM	– submarine-launched ballistic missile
SLCM	– sea-launched cruise missile
SNDS	– strategic nuclear delivery system
SNF	– Strategic nuclear forces
SORT	– Strategic Offensive Reductions Treaty
SRF	– Strategic Rocket Forces (Russia)
SSBN	– nuclear-powered ballistic missile submarine
SSN	– nuclear-powered submarine
START	– Strategic Arms Reduction Treaty (I, II, III)
TC	– territorial ceiling
TLE	– treaty-limited equipment (Europe)
TNW	– tactical nuclear weapons
TMD	– theatre missile defense
UCF	– uranium conversion facility
UF6	– uranium hexafluoride
UN	– United Nations
UNDC	– United Nations Disarmament Commission
UNGA	– UN General Assembly
UNMOVIC	– United Nations Monitoring, Verification and Inspection Commission
UNSC	– UN Security Council
UNSCOM	– United Nations Special Commission (on Iraq)
UNSCR	– UN Security Council Resolution
WMD	– weapon of mass destruction
WTO	– Warsaw Treaty Organization
WTO	– World Trade Organization

## **PART I. ANALYSES, FORECASTS, DISCUSSIONS**

1. The G8 St. Petersburg summit: issues of international security
2. Economic and humanitarian interaction in the CIS
3. Vulnerabilities and deficiencies of the nuclear nonproliferation regime
4. The UN Security Council as the ultimate enforcer of WMD nonproliferation rules
5. Russia and the GP
6. Dilemmas of conventional arms control in Europe
7. Discussions at the IMEMO

## 1. THE G8 ST. PETERSBURG SUMMIT: ISSUES OF INTERNATIONAL SECURITY\*

Vladimir BARANOVSKY

International security is among the central aspects of the G8 activities. This fully applies to the period of the Russian presidency of this structure, which was crowned with the summit in St. Petersburg on 15-17 July 2006. Approximately half of the documents that were adopted there<sup>1</sup> are related to the key international security problems.

One could point to several ways of highlighting international security and focusing the G8 summit upon it.

International security, in one or another way, is embraced by all three major themes that Russia suggested to the G8 for the period of its presidency – namely, the energy security, education and the fight against infectious diseases.

Apart from these themes, the St. Petersburg summit agenda included seven additional items; many of them also relate to international security. For instance, nuclear nonproliferation and the fight against terrorism are both cases in point.

During the St. Petersburg summit, a number of bilateral meetings took place as well. They also touched upon international security. Noteworthy, in some cases (such as Russian and US presidents' meeting) the importance of bilateral talks was comparable to those that were held multilaterally.

When preparing and carrying out the summit, as well as after it dozens of events took place, such as expert discussions, NGO confer-

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\* This article has been prepared in the framework of the RGNF project no. 06-03-02058a.

<sup>1</sup> According to the PIR Center, 10 out of 21 documents (if bilateral meetings are taken into account) could be considered as touching upon international security. See *Yaderniy Kontrol* [Nuclear control], electronic version, issue no. 29, 19-26 July 2006. <<http://pircenter.org/index.php?id=1248&news=2227>>.

ences, official negotiations and so on. They all made it possible to discuss a broad range of international security issues – both conceptually and with the aim of looking for specific solutions. In terms of substance, these issues went even beyond the scope that was formally outlined for the G8 summit.

The very fact of holding G8 summits promotes international security. Indeed, the interactions of the leading states of the world, or the absence of such interactions, have a key importance for the stability of the international system. G8 summits allow to test this mechanism according to several criteria: to what extent it is capable to operate (i.e., to produce a certain result that would matter for international security), to resist to erosion generated by domestic changes, to absorb eventual destabilizing impulses (for instance, promoted by regrouping on the world scene), and so on. And since the structure under discussion embraces those who have the most significant influence upon the international affairs, analyzing it may allow develop a certain understanding with respect to the future general lines of international security developments.

### **Major themes of the summit**

As the result of the summit, the leaders of eight countries adopted altogether 16 documents. Three of them were devoted to the main themes of the summit: 'Global energy security', 'Education for Innovative Societies in the 21st century' and 'Fight against Infectious Diseases'.

In the document on '**Global energy security**', the participants agreed to understand the latter as 'ensuring sufficient, reliable and environmentally responsible supplies of energy at prices reflecting market fundamentals'. They identified serious problems calling for solution, such as growing demand for energy (estimated to rise by more than 50 % by the year 2030), increasing import dependence in many countries, enormous investment requirements along the entire energy chain, and so on. Also, the direction in which to move in order to reach energy security was defined as '[the] development of transparent, efficient and competitive global energy markets'.

The participants adopted the 'St. Petersburg plan of action' for strengthening global energy security. The plan consists of 55 positions and includes measures aimed at increasing transparency, predictability and stability of global energy markets, improving the investment climate in the energy sector, enhancing energy efficiency and energy saving, diversifying energy mix, ensuring physical security of critical energy infrastructure, reducing energy poverty and addressing climate change and sustainable development.

The document on global energy security reflects some contentious issues on which the participants were able to find compromises. Thus, the interdependence of energy producers, transit countries and countries consuming energy was highlighted and underlined. For Russia, it was a matter of principle to point to the fact that stability should not only be considered in the light of consumers' interests, but also take into account those of energy producers. Also, the burden of responsibility for global energy security should be placed not only on the suppliers of energy resources, but also on those who consume them or provide territory for their transport.

One more theme on strengthening interdependence as a security providing means addresses the openness of energy companies for external participation. In recent times, debates on this issue have been rather sharp, but in fact they reveal the acceptance of the participants to one and the same logic - even if focused differently. Concerning Russia, the question is raised first of all in respect of 'Gasprom' as the world biggest monopoly in this sector; concerning the western consuming countries - in respect of gas-distributing networks. Here, balanced and thoroughly weighted compromise formulas are required as well - because of cautious attitude manifested by the participating states in this delicate sphere. The document of the St. Petersburg summit states as follows: 'It is especially important that companies from energy producing and consuming countries can invest in and acquire upstream and downstream assets internationally in a mutually beneficial way'. The formula 'upstream and downstream assets' refers to the whole energy chain - and therefore points to the possibility of external access to any of its elements.

Another disagreement concerns the terms of energy supply contracts. It is clear that here again it was necessary to find a common denominator for those, who are interested in stable income for the supplied resources, and those who are afraid to lose if they are obliged to buy them for the fixed prices when prices go down. The participants called 'for better risks sharing between all stakeholders in the energy supply chain'. They agreed that 'economically sound diversification between different types of contracts, including market-based long-term and spot contracts, could contribute to such risks mitigation'.

Obviously, such streamline formulas could be interpreted by any side in its favor. However, the St. Petersburg summit could be credited for developing a large-scale and agreed understanding of global energy security, a number of important approaches in this area, as well as key reference-points facilitating practical actions. How these ideas could be implemented into practice is another issue, and the G8 summit was certainly unable to provide any unconditional guarantees in this regard.

For instance, the document of global energy security reads as follows: 'Concerted actions of energy producers and consumers are of critical importance in times of supply crises'. Such a situation emerged half a year later, when Minsk decided to seize the gas that Russia was supplying to Europe through pipelines over the territory of Belarus. Russia, by all means, had all legitimate reasons to react by closing the gas valve. However, this was done not only without any coordination with the European consumers, but even without informing them (which German Chancellor Angela Merkel did not fail to point out when meeting with President Vladimir Putin in January 2007).

To the results of multilateral discussions on energy security, one could add the decisions on cooperation between Russia and the USA in the area of civil use of nuclear energy adopted by the presidents of the two countries on the eve of the G8 summit. According to President Vladimir Putin, the main goal of such cooperation consists in promoting sustainable and secure supply of this type of energy and, at the same time, in reducing the risk of nuclear weapons proliferation. Thus, two contexts of the international security have been addressed simultaneously: related to energy and to non-proliferation (which will be touched upon later).

Russia and the United States called for interaction in these areas. In particular, they intend to prepare an agreement on cooperation of the two countries in the peaceful use of atomic energy. In so far as such cooperation is based on the commercial basis, there are grounds to expect the expanding presence of Russia and the United States on the nuclear energy markets of each other.

Vladimir Putin and George Bush also expressed their readiness to work on the implementation of two other initiatives in this area. One is the idea of Russia to develop a system of international centers that would offer services on nuclear fuel cycle, including enrichment of the uranium, under the control of IAEA; another one is the US proposal on Global nuclear energy partnership with the aim of developing innovative reactors and fuel cycle technologies. These two projects look as mutually complementary and will contribute to strengthening international security, both in the field of energy and in the area of nuclear nonproliferation, by promoting interdependence.

The second major theme of the G8 during the Russian presidency, i.e. **education**, has only turned connected to the international security in a most general sense. In this regard, the summit's document 'Education for Innovative Societies in the 21st century' possesses a number of undeniable truths. For instance, the document proclaims that 'we must generate new knowledge and future innovation to sustain long-term economic growth' – whereas such growth could be certainly considered important for maintaining international security. Some appeals formulated in the document

could contribute to minimize the sources of international tensions – such as appeals for non-discrimination, on the basis of religion or ethnicity, in providing 'affordable, quality education and professional training', for promoting cross-cultural understanding through education, as well as advancing social cohesion and immigrant integration.

The problem of **the fight against infectious diseases** has a more distinct international political dimension – which was reflected in the G8 document on this theme. The participants in the summit stated their intention to promote improved international cooperation on the monitoring of infectious diseases and mounting an effective response. They envisaged a number of concrete steps to that effect. Special attention was paid to the most serious dangers – possible avian and pandemic influenza, as well as to the issues of combating HIV/AIDS, tuberculosis and malaria as the most massive, in terms of victims, infectious diseases. The G8 participants also decided to increase the effectiveness of the international emergency tools that could be used to mitigate health consequences of natural and man-made disasters. Among other means, it is envisaged to use special rapid response teams to that effect.

### **Nonproliferation, terrorism, conflicts**

Several 'non-central' themes of the summit, as reflected in its documents, are directly related to international security.

First of all this concerns the problem of weapons of mass destruction nonproliferation. The participants in the summit paid attention to strengthening the existing tools of non-proliferation – such as the Treaty on the Non-Proliferation of Nuclear Weapons (NPT), the Chemical Weapons Convention (CWC), the Biological and Toxin Weapons Convention (BTWC), the International Code of Conduct Against Ballistic Missile Proliferation, the Proliferation Security Initiative (PSI). Although this list does not include the Comprehensive Nuclear-Test-Ban Treaty (CTBT) due to well-known reasons<sup>2</sup>, it is worth noting that the G8 urged all states concerned 'to strictly observe a moratorium on nuclear weapon test explosions or any other nuclear explosions'.

The G8 supported 'the early commencement of negotiations on the Fissile Material Cut-Off Treaty', which could be considered as a kind of collective political pledge (even if formulated only in one line and a half) to promote the implementation of this idea. They encouraged India 'to take further steps towards integration into the mainstream of strengthening the nonproliferation regime'. The international community's positive

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<sup>2</sup> The United States has refused to ratify this treaty.

response to Libya's renunciation of weapons of mass destruction was mentioned as a manifestation of 'the benefits that follow a strategic decision to cooperate with the international community and be a part of the global nonproliferation mainstream'. Following the line of two previous summits, the G8 agreed that 'it would be prudent in the next year not to inaugurate new initiatives involving transfer of enrichment and reprocessing technologies to additional states'; all other states were called upon to adopt this 'strategy of prudence'.

It is well known that the problem of nonproliferation has become especially acute due to some countries' activities that contradict nonproliferation goals. There is also the question about the reaction thereto on the part of the international community and certain states. The G8 summit addressed this theme from two angles. Proceeding from the recognized right of states to peaceful use of nuclear energy, the participants discussed the approaches promoted by Russia, the United States and some other countries on how to implement this right without damaging the nonproliferation regime. At the same time, the G8 assessed the policies of Iran and DPRK (North Korea) that have become nowadays the most serious challenge to the nonproliferation regime.

With respect to Iran, the G8 supported the proposal that had been addressed to that country in June 2006 on behalf of the United States, Russia, China and the 'European Three' (Great Britain, France and Germany). In a politically correct form but quite resolutely the participants expressed their disappointment over the fact that Iran had shown no readiness to engage in serious discussions on the substance of those proposals, and that it had failed to suspend all enrichment related and reprocessing activities, as required by the IAEA. Therefore, stated the participants in the summit, they support the decision to return the issue to the UN Security Council. It is worth mentioning that this was a *sine qua non* for deciding on eventual sanctions on behalf of the international community. However, no decision on such sanctions was taken during the summit.

In fact, the G8 maintained the line on the increasing, but not forcefully accelerating political pressure upon Teheran – which apparently had to satisfy the proponents of 'moderate' approach towards the situation in Iran and disappoint those who argue for more energetic and radical measures. However, 'radicals' would consider such measures appropriate even without legitimizing them – either formally by the UN Security Council or politically in the G8 framework.

The G8 leaders were more unanimous when discussing the DPRK policy. Their attention was focused upon the launches by Pyongyang of ballistic missiles that had taken place less than two weeks prior to the summit.

Such launches, stated the participants in the summit, intensify their deep concern over the DPRK's nuclear weapons programs – which Pyongyang was once again urged to abandon. Since a similar condemnation had already been expressed in the UN Security Council resolution 1695 adopted just on the eve of the G8 summit, the statement of the latter hardly added something significant to attempts aimed at resolving the Korean nuclear problem. But it is obvious, that in the absence of agreement within the G8 framework, the Security Council would have been unable to adopt such a resolution.

One specific aspect of the nonproliferation problem is related to efforts aimed at preventing nuclear terrorism and its eventual implications. This theme has acquired a practical connotation after the dramatic events of 11 September 2001. In the framework of Russian-American summit, that had taken place the day before the G8 meeting, presidents Vladimir Putin and George Bush adopted a Joint Statement announcing a global initiative to combat nuclear terrorism. As part of this initiative, Russia and the USA intend to work with countries possessing sensitive nuclear technologies to reaffirm their commitment to take all necessary measures to ensure proper protection and safeguarding of nuclear facilities and relevant materials in their territory. The other participants in the G8 summit supported this bilateral initiative.

The St Petersburg meeting did not only address the problem of terrorism in its nuclear incarnation. **Combating terrorism** in a broader sense was the summit's second 'non-central' theme related to international security.

The G8 leaders adopted a Declaration on counter-terrorism that defined concrete orientations for joint efforts in this area. In particular, this includes: implementing and improving the international legal framework on counter-terrorism; adapting national legislation to address new terrorist challenges; enhancing efforts to counter the financing of terrorism, the terrorist propaganda and the recruitment by terrorists of new supporters (including suicide bombers).

Here, one can also see the reflection of dissimilar approaches that the G8 members have both in conceptual sense and in foreign policy practice. Thoroughly formulated and balanced statements can cover open or hidden mutual reproaches, but also diplomatic trade-offs.

For instance, the principle of 'ensuring and promoting respect for international law, including international human rights law, refugee law and humanitarian law in all our counter-terrorism efforts', impeccable in judicial sense, may provoke very specific allusions if applied to Russia's domestic and foreign policy contexts. The same could be said about a remarkable note that preventing any abuse of the migration regime for terrorist purposes should go in parallel with 'facilitating legitimate travel'.

But when the document insists on 'bringing to justice [...] those guilty of terrorist acts, as well as their sponsors, supporters, those who plan such acts and those who incite terrorist acts', the political address of this statement looks absolutely different<sup>3</sup>.

The third theme that deserves mentioning concerns **conflict settlement**. According to the G8, the central role in international peacekeeping, stabilization and reconstruction operations belongs to the UNO and its Security Council, as well as to the recently established UN Peacebuilding Commission.

It is worth mentioning a special emphasis on post-conflict settlement measures. Indeed, the practice of recent years has shown that reaching a cease-fire, making the conflicting parties negotiate and fixing their reconciliation on paper can only be part of the success. Not less important are stabilization and reconstruction at the further stages; without these, it would be very easy to lose what has been achieved.

The G8 members outlined the main directions of their activities aimed at resolving this task. They commit themselves 'to establish a more coordinated approach with each other and key external partners to conflict prevention, stabilization and reconstruction'. The Russian presidency was asked to organize and lead consultations on this issue.

Another explanation for G8's focus upon this theme may consist in its lower profile for mass media and public opinion, in comparison to the efforts of solving conflicts at their 'hot' phase. In other words, mobilizing political support for such activities is more difficult. The agreement of world leaders on this issue and their commitment to prioritize their common interests of maintaining international security give an important signal that points to conducting a responsible global policy.

Regrettably, a similar signal failed to appear with regard to **arms trade**, this traditional theme of discussions on international security. The G8 limited itself by a routine condemnation of illicit trade of arms – that is, carried out in violation of the UN decisions on arms embargoes. Because the illicit arms trade is primarily conducted through air channels, the G8 leaders called upon 'the competent international and the interested regional organizations [...] to recommend, in coordination with the air transport industry, measures that will help to fight and prevent [such] violations'.

It is hard to avoid an impression that the G8 just re-channeled the problem, instead of dealing with it in a serious way. Meanwhile, the prob-

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<sup>3</sup> However, the above-mentioned allusions would certainly differ depending on concerned personalities and various political contexts. For instance, the cases in point could be the abuse of human rights in Chechnya - or in the Abu Ghraib prison; the extradition requests, on the alleged involvement in terrorist activities, with respect to Boris Berzovskiy - or Igor Georgadze.

lem is considerably broader and more complex. Larger scale approaches are needed for developing mechanisms of regulation in this area. If any attempts to address this challenge are conceivable, the G8 is perhaps the most appropriate format for such endeavor. But the G8 does not seem to look for this goal – even more so, since it embraces the biggest suppliers of arms on the international market. In this high-tech and high-profit area, with its political hypersensitivity, the priority is given to the imperatives of competitive struggle rather than to the motives of strengthening international security.

The G8 could not refrain from paying a considerable attention to **the Global Partnership Program (GP)** aimed at promoting disarmament, non-proliferation of weapons of mass destruction, struggle against terrorism and the maintenance of nuclear security. This program, carried out from 2002, is unique in its scale and in the number of involved countries<sup>4</sup>. The G8 summit adopted a special document on the GP and an Annex to it containing the description of approximately two hundred specific projects. While making an overall positive assessment of the GP, the participants recognized that there is a need to undertake an unbiased qualitative and quantitative assessment of this program in the light of the approaching mid point in its lifespan<sup>5</sup>.

In the spirit of the traditional (during recent years) attention of the G8 towards **Africa**, the St. Petersburg summit meticulously listed the efforts that had been taken in order to strengthen peace and stability on that continent. These include assistance in developing the peace-building capacities (for instance, support for setting up an African Standby Force), promoting conflict-settlement potential of international organizations in Africa, providing funding, hardware, personnel and technical support to the African Union mission in Darfur (Sudan). With respect to the latter, the G8 confirmed their readiness to support a UN force to take over from the African Union peacekeepers there. The participants also mentioned efforts to assist unstable African states in post-crisis and post-conflict reconstruction, the establishment of the UN Peacebuilding Commission in December 2005, the launch in March of the UN's Central Emergency Response Fund in order to facilitate a faster and better reaction to humanitarian crises caused by conflicts. The efforts of the international community, in partnership with local leaders, have helped to avert famines in East and Southern Africa, where more than 26 million people had been at risk.

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<sup>4</sup> Under the GP, it is envisaged to allocate \$20 bn in the course of 10 years (up to 2012). Nowadays over 20 countries participate in the program.

<sup>5</sup> See more on the GP in chapter 5.

## The G8 summit as a factor of international security

In recent years, the very process of preparing G8 summits tends to be on a larger scale. Numerous mechanisms are mobilized in the process of preparation, whereas the results of their operation acquire a significance of their own, and not only in the context of meetings at the highest level. Summits play a role of **integrator and catalyst** of multilateral activities aimed at strengthening international security<sup>6</sup>.

The documents for the St. Petersburg summit had been under preparation for quite a long period. Their drafting began as of February 2006, which gave sufficient time for ensuring high quality of the documents. This allowed adopting them, during the meeting of the leaders, practically without any problems.

Igor Shuvalov, the assistant to President Putin and Russia's G8 sherpa, spoke about 50 to 60 connected events that were to be held during the year. In the process of intensive preparation for the summit, the representatives of the involved countries were looking for developing a common view on rather broad spectrum of issues related to international security. This was important both in terms of defining specific solutions and for maintaining positive dynamics in respect to problems with the time-scope extending beyond Russia's G8 presidency.

In Russia, the interest in the summit was manifested if not by a considerable part of the population, then at least by a considerable part of the political class. The Russian presidency of the G8 was regarded as testifying in a weighty way that the country is not only recognized as one of the *grands* of 'big politics', but also regarded by the other members of this group as an equal partner, not only in words, but in deeds. Russia's political leadership paid the most intent attention to the preparation of the summit. Huge efforts were mobilized for its organization.

However, during quite a long period after the decision on the Russian presidency of the G8<sup>7</sup>, the atmosphere in relations between Russia and western countries had changed in a radical way. The reasons thereof are not considered here, but it was quite obvious that, by 2006, Russian-Western relations were developing downstream, not upstream; so much mutual irritation had accumulated that sometimes the very possibility of

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<sup>6</sup> It was not accidental that the participants to the meeting in St. Petersburg welcomed the results of the International ministerial conference on drug trafficking routes from Afghanistan held in Moscow prior to the summit, and the initiative to convene, by the end of the year, a Forum on cooperation between states and the business community in fighting terrorism.

<sup>7</sup> The agreement to entrust Russia with functions of G8 regular presidency was reached at the summit in Kananaskis (Canada) in June 2002.

the summit started to look problematic. Worse, some political circles discussed Russia's possible expulsion from the G8.

It is clear what kind of feelings this provoked in Russia where many were inclined to regard the very eventuality of non-holding the summit first of all as the symptom of anti-Russian tendencies, as the manifestation of the deliberate course aimed at inflicting damage to the foreign policy of our country. The implementation of this scenario – that is, the impossibility of holding the summit of G8 leaders – not only would have affected in the most negative way Russia's relation with the western countries, but also would have downgraded international security as a whole to a lower level.

The same would have happened in case of summit's failure, if it had turned into a forum for expressing complaints and accusations addressed to Russia with respect to its domestic developments and foreign policy. In fact, although such tunes did appear in the comments on the summit, they practically affected in no way its overall atmosphere. This is itself may be a sufficient reason for the following assessment: **the very fact that the summit took place** and had by and large a constructive character may be considered a significant contribution to strengthening international security<sup>8</sup>.

Perhaps, the 'things-could-have-been-worse' argument is not very convincing for evaluating the St. Petersburg summit as an unconditional success. But when assessed from critical positions, the list of reproaches addressed to the G8 mechanism turns out quite traditional. G8 summits are blamed for prevailing political show elements, limited (if existing at all) capacities for practical activities and conceptual breakthroughs, disappointing outcome as compared to efforts and allocated means, and so on. In fact, there is nothing new in such kind of criticism. But it is also true that the St. Petersburg summit failed to counterbalance this criticism with any weighty innovations in terms of developing a more positive image of the G8.

The summit also did not contribute to another line of critical allegations addressed to G8 – those that portray it as a kind of **mega-governing institution** defining the world's destinies on the basis of the selfish interests of the members of the club, in opposition to the rest of the world. This line produces accusations in elitist, non-democratic and hegemonic character of the G8. Noteworthy, this theme exists in a mirror-

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<sup>8</sup> We do not touch here upon another aspect of the problem: to what extent Russian presidency contributed to re-establishing its international prestige? In the most general sense, the Kremlin had grounds to believe that the G8 summit in St. Petersburg was a considerable success for Russia's foreign policy. Paradoxically, this success failed to become a determining factor in its relations with the West and did not create a sizable future oriented solid potential. Actually, in this area a new quality in Russia's relations with its foreign policy partner did not materialize.

image as well – the G8 is then represented as a nucleus of the global governance that is necessary for the international system; in this case, criticism is replaced by cautious positive assessments. However, both these motives had been rather marginal in the past, and the St. Petersburg summit hardly made them more prominent.

The anti-globalist escort of the G8 leaders' meeting, that during some previous summits had tended to overshadow the main event, this time looked rather low profile. In a malevolent interpretation, this could be regarded as one more manifestation of the anti-liberal trends in Russia's domestic development. Indeed, this was the reason why many protest-minded anti-globalists failed to arrive in St. Petersburg or refrained from going there; those who showed up were effectively contained in their activities. But the authorities referred to the security considerations that required, among other things, more severe control. Meanwhile, the absence of 'distracting effects', such as mass demonstrations or riots, may be considered as a positive feature allowing G8 summits to deal with the agenda in a more focused way.

To this one should add that both the participants and the guests of the summit were practically unanimous in assessing very positively the high level of organization and thoroughly thought-over media coverage. Even if Russian authorities were motivated primarily by the desire of forming a positive image of the country in the eyes of the international community, by solving this instrumental problem they made the G8 summit more transparent and media-oriented.

As any multilateral event, the G8 forum was also used by the participants for addressing **bilateral issues**. Some of them are certainly significant in terms of international security. For instance, observers noted intensive Russian-American contacts when preparing and then holding the summit – which was assessed as a symptom of re-emerging positive dynamics in relations between the two countries, after their considerable cooling off. The participants in the summit were not able to resolve all bilateral issues under discussion, but the prospects of finding solutions for some of them became clearer.

In particular, presidents George Bush and Vladimir Putin agreed that a bilateral protocol on Russia's joining the WTO would have been signed by 26 October. The absence of this document was the last serious obstacle on Russia's long way to the WTO. It was removed a few months after the G8 summit and as a result of the decision reached in St. Petersburg. The parties also touched upon the Strategic Arms Reduction Treaty (START I) that expires in 2009. The presidents instructed to review this treaty for making a decision about its eventual modernization.

The work of the summit coincided with the sharp aggravation in **the Middle East** related to the military operation of Israel against Hizbol-

lah movement in Lebanon. This accidental synchronization seems to have had controversial consequences.

On the one hand, this became a stimulus for faster decisions on issues under discussion in the framework of the summit. In a sense, their political relevance was removed to the background in the light of the dramatic developments in Lebanon. Under these conditions, disagreements on problems that all had been agreed upon in the preliminary drafts might look inappropriate indeed. Also, the outbreak of hostilities has clearly shown the implications that may result from the absence of efficient means and tools of international governance (including – or perhaps first of all – at the level of the G8).

On the other hand, the critics of the G8 believe that its incapacity was also manifested in a dramatic way – incapacity both for reacting quickly to abrupt changes in conflict zones and for operating as authoritative political force that might soften aggravated clashes and take upon itself responsibility for settlement. Indeed, in the G8 statement on the Middle East one may see a strong appeal to reduce tension. But to believe that it did stop the hostilities and restored the calm in the region would be an obvious exaggeration.

It seems more important, however, to underline that even if the statement on the Middle East did not bring about miraculous results, it was due to the summit in St. Petersburg that it became possible. In the absence of this format, a common position of eight countries agreed upon in two days on such a sensitive issue would have been hardly conceivable.

In a sense, this could even be treated as an 'overfulfilment' of the summit's program. Indeed, the meetings of the G8 leaders are not aimed at adopting concrete decisions, even more so taking them 'on-line'. But some estimates of the G8 on specific international security issues do deserve attention.

Thus, with respect to **Kosovo** the participants highlighted several themes: their intention to continue the operation of the Contact Group on the basis of the UN Security Council resolution, the importance of preserving a multiethnic character of the province, the request addressed to the Kosovo-Albanian leadership to implement the internationally established standards for national minorities, the on-going involvement of the UN Security Council.

The situations in **Iraq, Afghanistan, Sudan** and some other regions were discussed at the meeting of the G8 foreign ministers in Moscow in June 2006.

The G8 supported the mediation efforts by the co-chairs of the OSCE Minsk Group (France, Russia, and the United States) on **Nagorno-Karabakh**, whereas Azerbaijan and Armenia were called on 'to show po-

litical will to reach an agreement and prepare their peoples for peace and not for war'.

The summit in St. Petersburg gave some food for thoughts on leadership in the existing international system, namely: what countries perform this function and how they do it. When the institution of regular summits of *grands* emerged approximately three decades ago, it had initially six-lateral and then seven-lateral format. Russia's participation turned into the G8. But in recent years high representatives of some other states and certain international organizations are invited to take part in its activities. For instance, China, India, Brasilia, Mexico and South Africa were involved in the work of the previous summit in Gleneagles (Great Britain). These countries were invited to the St. Petersburg meeting of the G8 as well. For the first time, their representatives (including ministers of finance, education and health) took part in the preparatory activities.

Obviously, the participation of the invited countries had a limited and mainly symbolic character. But it is the symbolism that matters – for outlining the intention to overcome the elitist character of the club that pretends on intellectual and political leadership in the international system, to make this club more adequate to the realities of the contemporary world. The configuration of its leadership gradually expands; even nowadays it could be defined as '*G8 plus*'. This will hopefully result in the development of a broader and multifaceted approach to international security – which is of special importance for legitimizing efforts aimed at making it more solid.

The summit in St. Petersburg also showed that the structural composition of the leadership group could be variable. The bilateral Russian-American summit has been already mentioned – formally carried out on the eve of the G8 summit, its centrality for the latter was undeniable. But there was another event in St. Petersburg that had a narrower composition and took place on the periphery of the G8 scene rather than in its central part – and, in a sense, as a kind of eventual counterweight to it. It was a mini-summit of Russia, China and India. Although the leaders of these three countries met very briefly, it was in fact an unprecedented event; it failed to provoke high attention only due to the fact that political observers and media were focused on other issues. But it is worth noting that only few months later the participants in this trilateral configuration decided to provide it with a more substantial existence – by initiating regular meetings of foreign ministers.

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To assess how important was the summit held under the Russian presidency for international security, one has to keep in mind the purpose and the *raison d'être* of this institution. Rather than making concrete decisions, its role consists in identifying problems, developing their broad understanding, assessing possible approaches and joint actions. Maintaining contacts between the leaders of major countries, promoting their mutual understanding, reaching a certain degree of accord – all this becomes in itself an important contribution to strengthening international security.

The G8 St. Petersburg summit fulfilled these tasks.

## **2. ECONOMIC AND HUMANITARIAN INTERACTION IN THE CIS**

Ruslan GRINBERG

For some time the Commonwealth of Independent States has been a rather peculiar form of civilized divorce for the former Soviet republics. Now it is fully certain – this function of the CIS is coming to an end. For the last three years the Russian leadership has taken energetic steps to consolidate the CIS both economically and politically. This was not by chance. Russia has reacted to activity of different forces and phenomenon that define economic development and political behavior of the CIS members.

Current situation within and around the CIS is developing under influence of four factors.

First – intensification of the geopolitical rivalry in the CIS region; the final transformation of the CIS from Russia's "Near Abroad" into arena of international economic and political competition. This is the main external factor of changes in the CIS.

Second – the former soviet republics are in the process of making themselves new independent states. They have reached already the advanced stage of political sovereignty and they are at the very beginning of making their economic sovereignty real. It is the most important internal factor of all system transformations in the region.

Third – transitional (post-Soviet) period in economic transformation of the CIS countries is coming to its end. For the last fifteen years after disintegration of the USSR the newly independent states have almost overcome economic decline which occurred due to restructuring of their old economic mechanism. They have moved ahead significantly toward market economy and have formed basic market institutions and actors. Economic growth, even though unstable yet, has begun.

Fourth — the favorable economic situation has made cooperation between new sovereign states closer.

However, well-known events in Kyrgyzstan and Uzbekistan, elections and political confrontation in Ukraine, strong outside pressure during election campaign in Belarus, rising tension around South Osetia and Transdnestria have given rise to a new wave of pessimism concerning prospects for political consolidation and economic integration with participation of Russia.

On the world map the CIS continues to be, as it has been for the last fifteen years, a zone of high probability of conflicts, social dissatisfaction, rapidly rising differentiation in living standards, and a source of possible threats for the development of more stable regions. These perceptions are fuelled by massive information activity of strong geopolitical players in the post-Soviet space.

Certainly, the ethno-cultural, political (a desire to dominate) or economic (protection over domestic markets, monopoly on transport routes, struggle for resources) reasons for conflicts between states are not the only ones. In no lesser extent conflicts are provoked by economic pressure in relations between states, unfair competition, failures to fulfil obligations, and unfounded preferences, which are given on political grounds.

### **Russia's significance for other CIS countries**

Russia continues to occupy a pivotal role in the post-Soviet geopolitical and geoeconomical structures. The Russian share in combined GDP of CIS countries exceeds 75 percent. Russia's military and political weight in the CIS is even higher. Russia has been the very country that has always determined geopolitical integrity of the whole region. This has not been subject to any doubt until recently when Ukraine has begun to dispute the leading role of Russia in the CIS.

Nevertheless, the opportunity to do business in the Russian market remains probably the most powerful factor, which consolidates CIS economic space. For many CIS members Russia represents practically a non-alternative market for their traditional goods, services and extra labor force, a source of raw materials and energy, a transport corridor to reach markets of other countries. Russia has also become a rather attractive place for investments due to the favorable economic situation in the country in the last years. Besides, the country maintains a leading role in tertiary education, in developing some innovative spheres of technology. The Russian language and culture keep their significance in various forms in the CIS countries despite opposition of radical national elites against it.

Some CIS countries consider Russia as a guarantee for their security and internal stability. Others see Russia as an obstacle to the restoration of their internal integrity and to realize their plans to join Euro-Atlantic structures. In various political games the Russian factor plays an important role. Russia's image as a country with numerous unsettled problems is quite useful for the national elites of some countries to use Russia as an example of negative developments. There are also speculations about threats from Russia to national sovereignty, Russia's capability to engulf the national economies of some countries and putting them under the control of Russian oligarchs. Sometimes all these speculations play a their role in political relations.

A paradoxical situation is emerging today: Russia is drawing closer to countries with authoritarian, non-democratic political regimes, which face pressure from the West, accusations in respect of violations of human rights and freedom. Concurrently authoritarian leaders see in Russia a means to strengthen their personal power and therefore cannot be considered as reliable allies. However, planting in these countries western patterns of democracy is counter-productive, as specific national public consciousness, psychology, and historical experience do not create favorable conditions for it. All these factors make the process of integration in the CIS extremely difficult, lengthier expensive for Russia. But there is no other choice. Russia cannot afford the luxury of abandoning its neighbors, leaving them to follow their own fortunes, and handing them over to the control of other major powers.

### **The dividing line**

It is obvious that for individual CIS states the economic and political role of Russia has a different degree of importance and meaning. This is a substantial cause for the fragmentation of the post-Soviet space.

There are several groupings in the CIS depending on particular attitudes of particular countries to Russia.

Belarus, Kazakhstan, Kyrgyzstan, Tajikistan, and Armenia are all orientated towards military and political cooperation with the Russian Federation (they are members of the Collective Security Treaty Organization - CSTO). Uzbekistan has joined the organization since the summer of 2005.

Belarus, Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan (members of Eurasian Economic Community – EurAsEC) are ready for economic integration with Russia at state level. Armenia, having observer status in EurAsEC is ready to join economic integration in a more indirect way.

Georgia, Ukraine, Azerbaijan and Moldova (members of the GUAM grouping) prefer bilateral economic cooperation and are reluctant to develop closer inter-state and military-political integration with Russia.

It creates a dividing line within the CIS between countries politically oriented towards the Russian Federation (members of EurAsEC) and all others (members of GUAM, where Ukraine is a leader). Members of GUAM (Georgia, Ukraine, and Moldova in particular) have expressed repeatedly their desire to join the European Union. Armenia could apply for a closer economic interaction with the RF under certain circumstances, but after the EU expansion Armenia has become its “new neighbor” and started to feel more the influence of the EU.

After eastward expansion of the EU (May 1, 2004) a new geopolitical zone has emerged – ‘EuroEast’, which is becoming an object of fierce competition between integration aspirations of the EU and integration projects in the CIS space.

Among all other post-Soviet republics only Turkmenistan prefers independent or in fact isolated development outside all groupings within the CIS. In 2005 Turkmenistan officially quitted full membership in the CIS while retaining observer status.

Obviously there is no simultaneous movement towards each other between the Russian Federation and all other CIS countries. This is a serious obstacle to the formation of interdependent relationship in accordance with the model of regional integration. Whether it is a right choice or not for the Russia’s partners is another question, but it is clear that the CIS countries pursue their own strategies in external political and economic affairs.

### **The CIS and Russia: current issues**

Currently the main economic interests of Russia lie outside the CIS. The share of the CIS in Russia’s trade is only between 15 and 18 percent. The capital inflow from the other CIS countries amounts to only a few percent. Russia’s partners in the CIS have very limited technology resources, which Russia could use to modernize its economy. There is a clear asymmetry of interdependence in trade-economic relations between Russia and other CIS countries. The economic significance of the European Union for Russia is many times more important than that of the CIS. In the near future Northeast Asia will also overtake the CIS in this respect.

However, the importance of the CIS countries as a source of immigration for Russia (to counter the population decrease and to supply a labor force) has increased recently. But the chaotic flow of labor migration has had at least two negative consequences: the cost of unskilled la-

bor is going down and unemployment among the Russian citizens is going up.

Strengthening ties with the Central Asian states in the energy field is helping Russia to maintain its place among major players in the world energy markets. On the other hand, Russia's transit dependence on Central Asian states and 'Western' members of the CIS to supply oil and gas to the EU has its significant economic and political costs as it has been demonstrated in recent years. Structural changes in CIS economies sharpen their competition in the world markets of energy, metals and petrochemical products.

There are three main problems for Russia's current development: to shift to an innovation model of economy, to increase the country's competitiveness in global markets, to modernize the social sphere. These problems cannot be solved directly through cooperation with the other CIS countries.

What is the strategy of the Russian Federation in the post-Soviet space?

The answer to this question depends on understanding the functioning of a huge space, which exceeds the territory of the Russian Empire or the Soviet Union. It is necessary to understand that geopolitical logic dictates the nations and their population, occupying particular territories under certain circumstances to behave in certain ways even independently from their political regimes, orientation and alliances. Euro-Asiatic space has gone through various periods of its existence, was united many times in different forms. But in all cases, as it was rightly pointed out by Lev Gumilev years ago, after Turk Khaganate and Mongol Ulus Russia has remained an integrator of that space.

Even only this factor dictates a necessity to work out some fundamental principles of strategy toward the CIS and Russia's non-CIS neighbors. To solve the problem of the CIS's continuity and forms of its continuity means to determine the outcome of a struggle, which has deep roots in History. This struggle is about how to integrate Euro-Asiatic space and about forms of that integration, about a dominating position in the space between Western Europe and China-Iran-Pakistan-India line.

The French newspaper "Liberation" has published recently an article entitled 'Russia cannot escape being an Empire'. This does not mean imperial ambition, but perceptions in Europe about Russia's 'usefulness', its mission of participating in the formation of the Euro-Asiatic space.

The part of that space, which constitutes the CIS, cannot exist for a long time in a non-consolidated form. The CIS is undergoing transition after a period of chaos and lack of governance; it is transforming into some new geopolitical structure with new organizational principles while keeping its integrity.

Current situation in the CIS does not give a clear answer to a question about substance of such structure and ways and means to form it. That is why the Russian Federation has some difficulties in working out a well-founded strategy toward the CIS.

### **Space of Competition**

What we have said before does not mean that Russia should not pursue an active policy in the region. Many opportunities exist for developing bilateral relations, there is a potential to strengthen cooperation on a sub-regional basis within framework of already existing economic and political organizations. The CIS is one of these. It has limited but still important potential for cooperation, which should not be ruled out. It is in Russia's interests to maintain the CIS as an institution for consultation between the newly independent states, for CIS summits to exchange opinions and introducing collectively approved political and economic initiatives. It would not be an exaggeration to say that Russia's future, its integrity and international standing will depend substantially on Russia's political achievements in the post-Soviet space.

Neither the political leadership nor the society cannot work out a long-term political strategy so that they have to limit their efforts to taking only immediate practical steps. They cannot avoid, however, to elaborate a vision of the future development of the whole Euro-Asiatic space and Russia's role in what is taking place there.

Meanwhile disputes between two groups of politicians and experts – 'globalists' and 'regionalists' – have gone on for too long. The firsts consider that the Russian Federation should integrate into the world economy by itself (without the CIS) and leave to the CIS a marginal role. According to the 'regionalists' the Russian economy is incapable to deal with international competition on its own: to increase Russia's potential to compete there is a need to form a regional Eurasian union with the CIS countries that show an interest in it.

The concept of 'open regionalism' is much more realistic. It suggests a multi-vector foreign economic policy, allows for taking part in various regional groupings and for interacting with Europe, Asia, Near East and Middle East.

This concept is more viable at the time when the CIS is turning into an arena of international competition. The world community does not approve Russian pretensions to any special relation with the CIS countries. Russia is not an absolute leader in the CIS but only one of many centers of political power and it is not the most mighty economic player there. Russia's competitors are trying actively to force its out of the CIS, making

loud statements about their own eagerness to dominate in some sub-regions or countries of the CIS.

The USA is the first among those competitors. As far as in 1993 the United States declared the concept of 'geopolitical pluralism' toward the CIS. The US Congress approves every year sectors of the federal budget aimed at supporting some post-Soviet countries. The United States includes in the sphere of American special interests Ukraine as a key state in the CIS; the Baltic states; countries of the Caspian region, particularly Azerbaijan; countries of the South Caucasus, Georgia and Armenia in particular; the Central Asian states, where Uzbekistan had been considered a chief partner for the USA until recently.

The countries of Central Asia and Caucasus have become the objects of increased USA's attention after September 11, 2001. The National Defence University (a division of the Pentagon) held a conference "How we should reorganize Eurasia in the best way?" in October 2004. The conference subject was connected with strategic tasks to redeploy the US Armed Forces around the globe. There are plans to expand the American military-strategic presence in distant areas of Eurasia. At the beginning they will be in the Caucasus and the Caspian region and then (or at the same time) in Central Asia. There are plans (and in fact they have begun to be implemented) to establish so-called lily-pads (small bases around the world which can be activated in case of emergency). In the "Foreign Affairs" journal (№ 4, July-August issue, 2005) Frederic Starr, chairman of the Central Asia-Caucasus Institute at Johns Hopkins University's Paul H. Nitze School of Advanced International Studies, published an article "A Partnership for Central Asia". The article reveals US plans to dominate in the region. The means for achieving this goal will be the establishment of a "Greater Central Asia Partnership for Cooperation and Development" (GCAP), a regionwide forum for planning, coordination, and implementation of an array of U.S. programs.

The expanding EU is also quite active in the post-Soviet space. In 2003 Brussels developed a strategy for "new neighborhoods": East European states of the CIS — Ukraine, Moldova, Belarus, and also Armenia, Georgia and Azerbaijan, which have been included in a "new border area" of the EU. The main aim of the EU is to create a buffer zone between the Greater Europe and the Russian Federation. German political expert Alexander Rar provided a comment on this policy in an interview for *Washington Profile*: 'In the nearest future there will be a fierce fight between the EU and Russia on the European continent. The EU intends to turn Europe into 'EU-Europe' and Russia wants to divide the European continent between the CIS and the EU'.

Yet, we may hope that a new dividing line between the Russian Federation and Europe will not emerge and the belt of countries — 'new

neighbors' – will not become a zone of conflicts and a struggle for influence, but will become a zone of intensive contacts between Russia and the EU. The fact is however that having failed to integrate Ukraine and Moldova, Russia is now forced to build up a relationship with them as 'near neighbors' of the EU.

China and ASEAN countries have also interests in Kazakhstan and other Central Asian states, in the Russian Far East. They are not only partners, but also direct competitors with Russia in the CIS, though China is a member of Shanghai Cooperation Organization (SCO) together with Russia and the Central Asian states.

There are other countries with special interests in the CIS. For example, Poland pretends to be official 'curator' for Ukraine in the name of the EU within the so-called 'Eastern dimension' of European foreign policy. Among EU 'newcomers' Lithuania pursue the most active policy toward the CIS and supports Poland's efforts to involve East European countries of the CIS (Ukraine, first of all) with NATO, and to breath new life into the geopolitical idea of a Baltic-Black Sea Union to cut off Russia from Greater Europe. Turkey which has been waiting to join the EU, is quite active in the south of Ukraine (the Crimea Peninsular), in the countries of Central Asia and the South Caucasus, where there is a Muslim population. Turkey also actively supports the GUAM grouping.

A whole complex of issues of political, military-strategic and economic cooperation between the Russian Federation and other states of the CIS has acquired a broad international context. The geopolitical rivalry has obviously led to making the task of integration in the CIS more difficult for Russia.

### **The CIS countries: distancing from each other is a real possibility**

Geopolitical competition in the CIS space and the developing sovereignty of the newly independent states can lead in near or mid-future to further divisions among them, the distancing of CIS countries from each other and, finally, the fragmentation of the common space. That fragmentation can manifest itself in the formation of various sub-regions, quite unstable and therefore subject to readjustments. This means that one should not exclude the possibility of new regroupings at interstate level, i.e. the emergence of new groups with new configurations and the disappearance of existing alliances.

One should also not exclude some changes in membership of existing regional groupings (for example, Uzbekistan quitted the GUUAM in 2005; as a result the alliance has become again the GUAM as it was at the moment of its establishing). It is quite probable that Ukraine will leave

the four-sided agreement on a Common Economic Space (CES), if before it joins the WTO Ukraine will fail to encourage the other members of the team to set up a free trade area on Ukrainian terms.

If there are changes in the domestic political situation in Belarus the possibility of it leaving the Russia-Belarus Union and the CES cannot be excluded, unless, of course, process of the Russian-Belarus unification is not speeded up. In that case it cannot be ruled out that Belarus joins different alliances with states of Central and Eastern Europe to which Belarus is attracted geographically and economically. For example, a new East European union of neighbors already in the EU is likely to emerge.

Ukraine and Georgia initiated a forum of a Commonwealth of Democratic Choice (CDC) in Kiev in 2005. This initiative can be considered as an attempt to create a buffer zone between Europe and the Russian Federation, a so-called Baltic-Black Sea Arch.

Trends towards divisions between CIS countries can dominate over tendencies for cooperation between companies, banks, some industries and neighboring regions of CIS countries. The wish for cooperation has been present since the beginning of economic growth in the CIS and the speeding up of market reforms. This has created the prerequisites for trans-border movements of goods, financial flows and the formation of common markets. The growing business sector in CIS countries is becoming a dominant force promoting the idea of economic integration. According to a president of one of the banks "the CIS means Greater Russia". The business community needs a bigger market and an access to unified infrastructure in order to increase its competitiveness.

Impulses to strengthen interaction of CIS countries are generated at ground level but unfortunately are not sufficiently coordinated through effective government policies to stimulate integration. One of the main reasons for this is a lack of understanding of the nature of the current economic and political processes. There are still constant attempts 'to mend a broken cup', to 'reintegrate' old economic system instead of purposely developing new ties. There is an obvious contradiction between the clear interests of the business community to expand investments in neighboring countries, to do business in common markets and the different foreign policy strategies and interests on the part of the political elites of the CIS countries.

### **Outlines of a new policy**

The process of 'civilized divorce' of the CIS countries is coming to an end. Some elements in the Russian political elite represent this as the planned goal since the very beginning of the CIS, though we see it as an

inevitable outcome. Anyway it will allow Russia to pursue her national interests more openly. The positive side of this process is that Russia will be able to gradually give up the inherited model of “centre – periphery” in its economic relations with the CIS countries, in which Russia played the role of financial donor and supplier of cheap resources.

A number of countries have distanced themselves from Russia deliberately, assuming that they can establish relations, within the Commonwealth in accordance with international rules and practices.

Taking into account the above-mentioned tendencies it is necessary to improve the effectiveness of existing organizations of which Russia is a member, such as the EurAsEC and the Russian-Belarus union, while putting the emphasize on cooperation in the economic field. There are only two potential partners for Russia in developing Eurasian integration – Belarus and Kazakhstan. The formation of Custom union and common markets for goods and services is “optimal task” for the next ten years. It should be supported by more active efforts to preserve a united cultural, educational and science-technological space (particularly with Belarus).

Different models should be designed of the CIS to include as members the most interested in cooperation and economically viable countries. But CIS project should not duplicate the EurAsEC (as at present ‘CIS-Four’ does), but to be a model of markets merger. In that case it will reflect the interest of business community of the CIS countries much better. Practical steps should be taken to encourage the free flow of capital, mutual investments in industrial and infrastructure projects.

The formula ‘WTO plus’ may become more popular for developing bilateral relations in the near future, i.e. international rules in trade in addition to preferential agreements in various industries and spheres of cooperation most important for particular countries.

In the new situation in the post-Soviet space it is important to understand clearly what we can expect without illusion but with sober vision. It is very important to estimate precisely new challenges and threats for the Russian economy arising from the quite natural process of reorientation of Russia’s partners to new markets. This also requires timely steps in decision-making. In the economic sphere it is necessary to remove all distortions in bilateral relations as soon as possible. This means that Russia should give up all imperative ties in various fields with its CIS partners. It is understandable that they will pursue the same policy while taking into account their own national interests. A good example of this is Ukraine’s intention to buy American nuclear fuel for its nuclear power plants.

In the security sphere of it is time to consider the necessity the strengthening of borders with other countries. The advantages of border

‘transparency’ or even the non-existence of borders do not always outweigh the inherent problems created: up to 13 500 km of border of the RF require construction of modern facilities. Russia should also be ready to withdraw or redeploy its military bases from the territories of some neighboring countries.

In the economic sphere it is necessary to harmonize policies of integration with two or three of the closest partners and policies of interaction with all other CIS countries using varying approaches toward bilateral ties with them in order to put economic interests before all other considerations.

In humanitarian field it is expedient to pursue more actively a policy of cultural expansion and the formation of a network of common information, cultural and linguistic ties with the Commonwealth. In this respect the experience of British Council and French Alliance in promoting British and French cultures around the globe deserves attention.

It is necessary to find out the conditions and chances for developing a united educational space. Former successes in education are gradually disappearing. After disintegration of the Soviet system of education it has become clear that many newly independent states of Central Asia are not able anymore to provide the same quality and scope of education, research and knowledge in its broader sense, to which the population has been accustomed. In all CIS states the system of education faces several interlocked problems: crisis of primary and secondary schools, tertiary education, and also rising language barriers.

New obstacles in the sphere of education (connected with a lack of language knowledge, visa regimes, and poverty) reduce the possibilities for applying for education in other countries of the CIS and expanding student exchanges. The closure of access to universities and a termination of recognition of university diplomas of other countries threaten prospects for developing a modern knowledge society. This concerns particularly Turkmenistan and Uzbekistan. Turkmenistan finds itself in the most difficult situation in this field. The country’s leadership systematically undermines traditional education system and pursues a policy of self-isolation.

Regional cooperation in the sphere of education and knowledge must be a priority for the nearest future. Here are important fields for cooperation: working out regional education standards, introducing R&D results, developing Internet technologies.

There are some tendencies to encourage integration of education systems in the post-Soviet space. An important step in that direction is an interstate Program for Realizing the Concept for the Formation of a United (Common) Education Space in the CIS (approved by the CIS Council of Heads of Governments in November 2001). But the legal regu-

lation of the educational space in the CIS has not included so far clear norms taking into account specific features of national education systems.

### **A threat to national security?**

It is important to stress the need for coordinated and effective migration policies in the CIS. Russia is interested in flexible and diverse policy toward different countries and categories of migrants.

Differences in the economic and social situations in the CIS countries form a powerful incentive for labor migration. The Russian economy develops rather dynamically, particularly as compared to many other CIS countries, and this makes it attractive to millions of immigrants from the CIS to work there.

Legal labor immigration into Russia from the CIS has increased from 129 000 in 1994 to 390 000 in 2005. But these figures represent only 'the surface' of the immigration. Illegal immigration is approximately ten times more than the legal and influences socio-economic situation in Russia.

The following industries have the highest demand for labor immigrants (in decreasing order): building and construction; retail and wholesale trade; restaurants, cafes, etc.; mining and manufacturing; agriculture; transport, and communal services. The major cities are obviously the main targets for immigration. There are, however, different tendencies in labor immigration. The share of manufacturing and other productive sectors in immigration is going down. On the contrary, the retail and wholesale trade have attracted more immigrants (30 percent of all labor immigrants in Russia). The same situation we can see in the service sector (the share of labor immigrants is no less than 25 percent). This kind of work does not require particular skills but provides opportunities for making a good living.

Labor immigrants have experienced difficulties in obtaining work permits and there for they represent the most mobile and adaptive part of population. The preference of industries for immigrant labor quite logically coincides with the preferences of the immigrants themselves. Consequently they are dispersed over Russian territory rather unevenly. For example, Moscow's share of labor immigrants amounts to 24 percent, and its combined share with Moscow region to 35 percent.

The Centre of Social Problem Research (Institute of Economics, Russian Academy of Sciences) has organized an opinion poll among five socio- and professional groups in Moscow. The opinion poll has concentrated on the connection, well known in the Western sociology of labor, between the estimate of the influence of labor immigrants upon socio-

economic processes and how the local population views immigrants. The Moscow situation in this respect is typical for the assessments of the whole of labor immigration from the CIS countries.

It is obvious now that it is impossible to imagine the economy of the Russian capital without labor immigrants. But the growing inflow of non-residents and non-citizens create for the city many economic and social problems. It is worthwhile mentioning among these an increase of the crime rate and ethnic tension. The impact of the foreign labor force on the labor market in Moscow has become a rather sensitive issue for Moscovites. On the one hand, "guest workers" perform less prestigious and low-paid work. On the other hand, they reduce labor costs and deprive Moscovites of jobs. Immigration provides the opportunity for entrepreneurs to reduce labor costs, social taxes, working conditions and other expenses.

Illegal immigrants create additional problems for standardization, certification and other mechanisms for the control of markets and the quality of services, social and commercial construction work. We should add to this picture the domination of whole sectors of the city's economy by foreigners. The local population is forced out of these sectors and this represents already, according to some expert opinion, a threat to a national security.

Demography represents an important factor in favor of labor immigration. If current tendencies continue Russia's population will decrease by one million each year (beginning with 2006). There exist also domestic migration flows in favor of the Central Russian regions. In a not distant future this will lead to whole regions of Russia being depleted of their population. These territories are becoming attractive to immigrants. This objectively makes immigration policy a substantial part of Russia's strategy in the post-Soviet space.

The experience of economic growth in developed countries has shown that labor immigration is important not only to fill gaps in labor resources, but also to improve the quality of the country's labor and its professional skills. Unfortunately, this cannot be said about current immigration from the CIS countries into Russia. In 2005 out of 750 000 work permits issued by the Federal Migration Service of the Russian Federation 52 percent of the permits were issued to unskilled workers.

Recent measures in the field of migration policy will lead to its liberalization. It is quite clear that in the long run these are the right decisions. But measures to legalize illegal immigrants and the introduction of a new order for issuing labor permits (declaration forms) may lead to an explosion of immigration from Commonwealth countries into Russia. It should be taken into account that about half of existing jobs, which are taken by foreigners are already subject to competition between them and

the local population. A substantial part of other immigrants is already in process of dominating whole service sectors.

This makes it an urgent task to regulate in a rational way the scale and structure of professional skills of labor immigration into Russia. World experience shows that there is no alternative to a reasonable combination of liberal and conservative measures to control immigration.

Nevertheless quotas for labor immigration have to be maintained with simultaneous steps to set up quotas for the whole country and for its regions (oblasts, krais, etc.). This will allow for the control of labor migration in the interests of the economy and national security.

### **3. VULNERABILITIES AND DEFICIENCIES OF THE NUCLEAR NONPROLIFERATION REGIME**

Alexei ARBATOV

The crisis over the North Korean nuclear test and the escalation of tension around the Iranian nuclear program in 2006 should be seen as a serious signal of the unfortunate and worsening state of the nuclear aspect in international security.

On one hand, coercive U.S. policy (in the first place, the war in Iraq), and growing disagreements among the great powers over international questions (including those between Russia and U.S./NATO on the problems of the post-Soviet space), have allowed third party states to play on the disagreements of the leading governments, disrupting their control over the nonproliferation regime.

On the other hand, the extremely unfavorable backdrop of disarmament problems does great damage to the situation. These problems came together in the last few years due to a destructive U.S. line on arms control issues, which, after a time of symbolic opposition, Russia has tolerated.

History, like politics, does not happen in the subjunctive tense. Yet for the author of this chapter, there are no doubts that the position of Iran and North Korea on nuclear questions, as well as the determination of the great powers to prevent proliferation (even up to the use of force), would be different if the U.S. had not withdrawn from the Anti-Ballistic Missile Treaty (ABM Treaty), and had ratified, along with China, the Comprehensive Nuclear-Test-Ban Treaty (CTBT). The nonproliferation picture would not be so dark, if Russia and the U.S. negotiated a full-fledged treaty on the basis of the Strategic Offensive Reductions Treaty (SORT) and if nuclear weapon states (NWS) consistently carried out 13 disarmament steps agreed upon at the sixth NPT Review Conference.

The most important task of a policy to strengthen international security should be the return of nuclear arms control issues as a central theme in the Russia-U.S. bilateral dialogue, in relations of Russia with NATO and the EU, in the G8 framework, and in the UN. The challenge is not confined to nuclear nonproliferation, which currently attracts the most attention. The issue is broader, including also the restoration of an organic link between measures of nonproliferation and the reduction and limitation of nuclear arms.

Among other policy directions, the most important is the extension – for some time or indefinitely – of the Strategic Arms Reduction Treaty (START-1). This treaty is due to expire in 2009. President Vladimir Putin has several times referred to the issues of the treaty's extension or the transfer of some of its instruments (rules of accounting, verification system) to strengthen the 2002 SORT.

In addition, it would be useful to begin official level discussions on an agreement or code of conduct prohibiting the development of space weapons. It would be appropriate to promote efforts to bring into force the CTBT (the North Korean test gives a good reason for this) and to renew the project of a joint U.S.-Russian data exchange center on missile launches (the North Korean missile tests can again act as a impetus.) It is also important to explore the possibility of a phased conclusion of a Fissile Material Cut-Off Treaty (FMCT). It might be advantageous to transfer negotiations on the FMCT from the Conference on Disarmament (CD) to the First Committee of the UN General Assembly.

### **The Nuclear Non-Proliferation Treaty**

It is widely recognized that this treaty, which was signed in 1968 and entered into force in 1970, has been the foundation of the nonproliferation regime and its mechanisms.

Today, the NPT is the most universal international treaty, its participants numbering 188 members of the UN. Only Israel, India and Pakistan have not joined it, while one state, North Korea withdrew from the treaty in 2003. From this point of view, the history of the NPT can be considered as successful in the field of international security.

However, on the doorstep of the 21st century, the prospects of proliferation of weapons of mass destruction (WMD), and above all of the most destructive kind, nuclear weapons, generate a growing alarm. These challenges, along with the attempts to manage them by various methods, have come to the forefront of international security concerns.

Besides the serious mistakes and examples of shortsightedness in the policies of the five leading NWS, fundamental problems and contradic-

tions have become apparent in the NPT itself and in the mechanisms of the nonproliferation regime associated with the treaty. These problems are in part due to the fact that over the last few decades, there have been dramatic changes in the international political climate in which the NPT operates. Indeed, the treaty was initially intended to prevent countries such as Germany, Japan, Italy, Switzerland, Sweden, South Korea, Taiwan, etc, from developing nuclear weapons and simultaneously provide them with the benefits of peaceful nuclear energy, guarantees of security, and inclusion in the community of the world's leading democratic powers.

During the preparation phase of the NPT, few could have imagined that nations, which not long before had freed themselves from colonial rule and at the time were called 'developing' countries of 'the Third world' would become main sources of proliferation and risks, which arise from it. Few could have imagined that even non-governmental actors in the form of international terrorist networks would pose proliferation risks. However, economic and scientific-technical progress, the process of globalization, as well as massive influx of weapons, nuclear materials, technology and specialists into international circulation after the end of the Cold War, have made such developments possible.

The authors of the NPT did not foresee such changes. The new situation has required a substantial adaptation of the NPT mechanisms and regimes, and further development of several of its norms (including the extent of IAEA safeguards, and frameworks of peaceful nuclear cooperation under Articles III and IV of the NPT).

Other NPT problems were contained in its formulation from the very beginning, but over the course of time they have become more acute, and have turned into sources of international disagreement (namely, the separation into categories of NWS and non-nuclear weapon states (NNWS) under Articles I, II and IX, the commitments of NWS under Article VI, and the right of the parties to withdraw from the NPT under Article X).

### **The bounds of proliferation**

In its very treatment of the phenomenon of proliferation, including in determining its point of origin, the NPT expresses a very important – and a rather questionable – assumption, which acts as a delayed-action land mine beneath the entire nonproliferation regime. In the military-political understanding, if not in the judicial one, the first wave of nuclear proliferation happened from 1945 to 1964, when nuclear weapons were developed by the USA, the USSR, Great Britain, France, and China. Proliferation of nuclear weapons became a topic of international negotiations,

and after that the subject matter of an important multilateral convention, only following this first wave. Therefore, as if by default, the authors of the 1968 NPT took this first wave as being outside the legal framework of ‘proliferation of nuclear weapons’.

From the perspective of NPT advocates, nuclear proliferation essentially began with India, which was the first country to explode a nuclear device after 1 January 1967, or more precisely in May 1974. It is true that at the time India claimed that it tested a ‘peaceful explosive device’, but the NPT does not make such a distinction. The treaty simply declares that those states that manufactured and exploded a nuclear weapon or other nuclear explosive device prior to 1 January 1967 (par. 3, Art. IX) are recognized as NWS. Art. 5 of the NPT offers an opportunity for peaceful nuclear explosions for NNWS – members of the NPT, but only within the framework of international agreements related to the NPT providing for assistance from the recognized nuclear weapon states. According to available evidence, Israel and South Africa developed nuclear weapons in the early 1980s. In 1992 South Africa liquidated its nuclear weapon capability and joined the NPT as a NNWS.

In May 1998, India, and following it, Pakistan, having acquired nuclear weapons, carried out tests of nuclear explosive devices. These states can be considered as real initiators of nuclear proliferation. They, of course, do not share this characterization. India and Pakistan argue that not being parties to the NPT they can not be held responsible for the violation of its norms. In addition, these governments point to Israel and South Africa as countries, which developed nuclear weapons several years earlier. Israel has not carried out a full-scale nuclear explosion and does not claim to be a NWS. It is however unlikely that countries having real or potential nuclear capabilities (Israel, North Korea, Iran, and others) would agree to consider themselves as initiators of nuclear proliferation and of other unlawful behavior in the nuclear sphere.

This position is not lacking in historical precedent. Indeed, the five legitimate NWS developed their nuclear weapons before the others and in 1968 only three of them (the USA, the USSR, and Great Britain) reached agreement on the NPT. It is for this reason that 1 January 1967 was defined in the treaty as the limit after which any new nuclear weapon state would be called “unlawful.” (By judicial logic, this would only apply to states within the framework of the NPT, and could not apply to countries, which did not join the treaty.) Often, the limit date for nuclear status is regarded as no more than an arbitrary rule set by great powers as if according to the principle that ‘those who did not make it are too late’. So if, for example, France or China developed nuclear weapons several years later, it is unlikely that the limit date of 1967 in the treaty would have prevented their entry into the nuclear club for the sake of joining the club of

NPT members instead. It is rather be the reverse. Either the NPT would have been signed later, or it would have designated a different date as the boundary point for legal nuclear status. From the point of view of the “illegal” NWS, there is no rational basis for basing the legality of developing nuclear weapons on the timetables of the nuclear programs of the five powers - which were able to acquire weapons earlier - or on the tempo of their negotiations on the articles of the NPT, allowed them to avoid delaying the opening the treaty for signature.

The limit set by the date of 1967 prevented India and Pakistan from joining the NPT because for them membership as NWS was unattainable. For political reasons, they rejected non-nuclear status in the NPT. In part, difficulties could have been eased if these two states (as well as Israel) joined all other mechanisms of the NPT regime except for the treaty itself. In this case, it would have been necessary to accordingly change the accepted criteria for membership in the Nuclear Suppliers Group (NSG), in particular. However, this path could be construed as an encouragement of these states to proliferate, as it gives ‘outsiders’ a special status and allows them to use the benefits of peaceful nuclear cooperation outside the framework of the NPT. This kind of criticism can already be heard regarding the nuclear energy agreement between the US and India, concluded in 2006.

### **The dialectic of the ‘peaceful’ and the ‘military’ atom**

The basis of the NPT, as if by default, contains the implication that the development of nuclear weapons could be derived as a side product in the development of peaceful nuclear energy and science. In accordance with this point, strict control by ‘legitimate’ NWS and international organizations over supplies of nuclear materials and technology would be capable of cutting off their military use by recipient states. Yet, in practice, with the exception, perhaps, of Brazil and Argentina, which moved ahead in nuclear development without having a precise vision of their ultimate goals, all other countries understood initially and continue to understand with full clarity, which use of nuclear energy – peaceful or military – they ultimately need. In fact, this applies also to the big five and to their followers.

If the need is peaceful, then even attainment of scientific-technical and industrial level of development in this sphere, as well as relative freedom in the management of nuclear materials and their reprocessing, have not lead countries to the development of weapons (Germany, Netherlands, Italy, Sweden, Switzerland, Japan, South Korea, Taiwan, Canada, Australia, etc.). This did not occur because of the countries’ membership in the

NPT, but rather due to their confidence in guarantees of their security, regardless of the norms of the treaty or fear of maleficent international consequences (likewise not closely tied with the NPT), which would be directed toward them if they sought development of nuclear weapons.

If the needs are military, then countries aspired to them purposefully and not alongside peaceful development of nuclear energy. Their motives were not in getting 'secondary' economic advantages, but rather a challenge of an altogether different nature. Therefore the promise of economic benefits in reward for forgoing nuclear weapons, as embodied in the fundamental conception of the NPT, provided a weak leverage with which to influence their political decisions.

Some of these countries (Israel, India, Pakistan, and South Africa) 'honestly' did not join the NPT. Iraq, Libya, North Korea, and possibly Iran as well as a number of other states became members of the NPT as a political cover for their military programs and to have easier access to information, specialists, technology and materials. IAEA inspections proved inadequate in preventing countries from maintaining nuclear weapons programs in parallel with peaceful ones, and in transferring technology, specialists and materials from peaceful to military projects. No benefits of the 'peaceful atom' were able to convince states to forgo military development. Iraq was deprived of its military nuclear program (and other WMD projects) through a military operation, 'Desert Storm' in 1991. Libya gave up its secret plans and technology after seeing the immense hardships in implementing these designs, as well as due to fear that it would face the same fate as Iraq in 2003.

In the future, similar violations could be prevented if states sign and ratify the 1997 IAEA Additional Protocol, which would allow the IAEA to inspect nearly any facility in the participant countries, and if the IAEA has increases in budget, personnel, and technology, which would allow for regular intrusive inspections. However, safeguards agreements are concluded between governments and the IAEA on an individual and voluntary basis, and are not an insurmountable barrier for undeclared activity.

This problem can be largely addressed by making joining the Additional Protocol a necessary condition of all future agreements on the deliveries of any nuclear materials or technologies. Such a decision could be adopted during the next NPT Review Conference, and prior to this point, in an executive manner in the Zangger Committee and in the Nuclear Suppliers Group (NSG). Yet, in order for this change to occur, the Protocol must be ratified as soon as possible by the Russian Federation, the USA and other NWS.

## Legal withdrawal from the NPT

Even without violation of the NPT, states can, without encumbrance, acquire nuclear materials, technology and specialists, and afterwards withdraw from the treaty in accordance with Art. 10 of the NPT by giving notice to all other parties and to the UN Security Council three months in advance. This option is somewhat more time consuming than a parallel secret weapons program, but it is rather reliable and would also most likely not lead to unfavorable legal consequences for the state. As the experience of North Korea has shown in the beginning of this decade, such behavior could become a way of blackmailing the international community and a trump card for extracting economic and political concessions from other states.

The most dangerous point in this regard is the issue of a full (closed) nuclear fuel cycle (NFC), and primarily the technology and capability for enrichment of natural uranium (especially if natural deposits exist within a given country), as well as the reprocessing of irradiated nuclear fuel for the separation of plutonium. Heavy water nuclear power reactors, which use natural uranium and produce waste with a high level of plutonium, are additional causes of concern. The technology of heavy water production, especially in combination with reprocessing of spent fuel from these reactors, can also be considered as a dangerous component of the closed NFC. None of the technologies listed above are prohibited for trade by the NPT. On the contrary, it could be argued that the NPT encourages supplying even these technologies, in accordance with Art. 4. A number of countries (Austria, Japan, Netherlands, Germany, and South Korea) received these technologies or experimented with them within the framework of the NPT. In addition, the NPT does not contain any safeguards or 'precautionary' procedures for preventing the withdrawal of countries after they have acquired these technologies.

The main motivations of state leaders in favor of developing nuclear weapons are tied to their understanding of external security, international prestige, the popularity of such a course domestically, or the acquisition of concessions on foreign policy objectives from other countries. The NPT does not address any of these motivations directly or effectively. In exchange for forgoing the development of nuclear weapons the treaty does not offer more tempting benefits in these spheres, or in the opposite case, does not threaten penalties involving economic or political costs.

On the issue of withdrawal from the NPT, several options for a solution have been suggested. According to the mildest of these, the withdrawing state must formally state its reasons for withdrawal. This statement should then be considered in a special meeting of the NPT member states, with the goal of addressing the legitimate security needs of the state

in question in such a way that would prevent its withdrawal from the treaty. An intermediate option suggests that a protocol should be adopted within the framework of the IAEA and/or in the NPT Review Conference. Under the protocol, the withdrawing state is required to use all technologies and materials received within the framework of the NPT, solely for peaceful purposes. The state must continue to subject all its related facilities to the IAEA safeguards and inspections. Finally, the harshest option, which was advanced by France, suggests that countries withdrawing from the NPT are required under the threat of sanctions to return all foreign equipment and materials, which they acquired owing to membership in the treaty, or to dismantle them under IAEA control.

The first is not sufficiently effective and could be dismissed by a withdrawing state as an empty formality. The second proposal is more substantial. However, as the experience of North Korea has shown, IAEA inspectors can be kicked out at any moment along with their equipment if a given county is not afraid of sanctions or even war. This is especially the case if the given country can simultaneously manage to develop nuclear weapons, an explosive device, or even give a convincing impression of possessing such a device using other materials and production created independently or obtained on the 'black market'. This potential can be attained covertly, if prior to the county's withdrawal from the NPT, the Additional Protocol was not in force on its territory.

Finally, the tough French proposition entails problems of a financial and technical character (compensation for materials and technology acquired under contract, removal of fuel and dismantlement of reactors and other facilities). Yet, even more importantly, in the case that the given country disagrees with such measures, this option essentially can only be implemented in a regime of military occupation. Such a military action would all be in response to an act, which is in fact in accordance with Art.10, which recognizes the right of withdrawal from the treaty upon three months notification.

Because the problem of withdrawal is, in the first place, tied to the use of full fuel cycle technology, it will be analyzed in detail below with regard to the problems of uranium enrichment and plutonium separation.

### **The full nuclear fuel cycle**

Supply of fuel cycle technologies, as mentioned above, allows countries to benefit from nuclear cooperation under the NPT and then withdraw from the treaty in order to openly pursue nuclear weapons. In looking for solutions to this problem, there exist a wide range of proposals.

These proposals range from demands to establish IAEA monitoring not only on completed projects but also on all planned enrichment and reprocessing facilities and the production of heavy water (for nuclear reactors, which run on natural uranium and produce a high amount of plutonium), to the dismantlement of already existing facilities in NNWS under the IAEA safeguards and with appropriate financial compensation.

A broad range of proposals has been advanced on guaranteeing nuclear fuel to countries, which have foregone the full NFC. These proposals include calls for the creation of an international consortium of nuclear fuel suppliers; the organization of a fuel supply bank under the IAEA auspices (into which suppliers would transfer fuel materials under a fixed price); and even the internationalization of uranium enrichment, separation of plutonium from spent fuel, and production and supply of fuel under the direction of the UN, IAEA or by a specially established international organization (in the nature of URENCO).

IAEA Director General, Mohamed ELBaradei presented a radical proposal on this issue: limiting the processing of weapon-usable material (separated plutonium and highly enriched uranium) in civilian nuclear programs – as well as the production of new material through reprocessing and enrichment – by agreeing to restrict these operations exclusively to facilities under multilateral control<sup>1</sup>.

Finally, there are various proposals on how to penalize attempts to acquire NFC facilities – from ending deliveries of nuclear fuel to the use of UN economic sanctions and even measures involving military force.

In the opinion of this author, the well known U.S. proposals of 11 February 2004, regarding a ban on supplying NFC technology to countries, which do not yet have nuclear power facilities, are not quite acceptable. It is true that during the G8 summit on Sea Island in 2004, a twelve-month global moratorium on such supplies was agreed. (Subsequently the moratorium was extended). Yet, this arrangement could weaken the NPT. As a long-term arrangement the moratorium would create more problems than it will solve. It would indicate the drawing of another line of 'segregation' (in addition to the distinction between NWS and NNWS). In particular, it would establish two categories of NNWS: states that already possess nuclear power and NFC facilities (Japan, Germany, Brazil, Argentina, Australia, Netherlands, etc) and states that do not have such facilities and are not entitled to buy technology of the full NFC. Besides disrupting the unity of NPT member states, this move could give a strong impulse to the development of the 'black market' in nuclear technology – a danger-

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<sup>1</sup> Mohamed ELBaradei, 'Atoms for Peace; A Vision for the Future', *IAEA Bulletin*, vol. 45, no. 2, December 2003.

ous channel for leakage of equipment and materials to threshold states and terrorists.

It appears that a better solution would be to adopt the general approach, put forward by experts from the Carnegie Endowment for International Peace in 2004, on having countries, which withdraw from the NPT to forfeit the material benefits of the agreement.<sup>2</sup> This proposal could be implemented by concluding a protocol to the NPT (for example, at the NPT Review Conference) on an agreed understanding of Art. 4. It would include a provision that any fuel cycle technology acquired by NNWS within the framework of the NPT is subject to restitution or dismantlement under IAEA safeguards in the event of the state withdrawing from the NPT. However, it is hardly justified, from a political as well as a financial and technical standpoint, to apply this rule to all materials and technologies (including civilian nuclear power stations and fuel).

The Zangger Committee could then confirm the full list of technologies, components and parts, which are significant elements of the NFC or dual-use facilities (such as production of heavy water and plutonium-producing reactors).

The NSG would, in turn, include the conditions on restitution or dismantlement in the case of NPT withdrawal as an obligatory provision of any future contract for the supply of technology within the framework of Art. 4. Because a law cannot have retroactive enforcement, this would not apply to some states that already have the full NFC. It would however be desirable for them to adopt politically binding declarations in this spirit.

Concerning Iran and North Korea, as far as it is known, no supplies of controlled technology are planned to these countries by any supplier country. Both crises have to be solved individually according to the specifics of each situation. At the same time, any future supplies of technologies related to the full NFC would be tied to conditions of dismantlement or restitution in the event of withdrawal, which would serve as a strong restraint both on withdrawal from the NPT and on concluding these kinds of supply agreements.

In this respect, the UN Security Council could adopt a framework resolution a priori providing for the use of sanctions against states, which gave notice of NPT withdrawal but refused to dismantle or return dual-use equipment acquired within the framework of the treaty. These sanctions would be imposed on the basis of a special IAEA report. Then, any 'coalition of the willing' would be entitled to apply sanctions on the basis of a

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<sup>2</sup> *Universal Compliance: A Strategy for Nuclear Security*. George Perkovich, Jessica T. Mathews, Rose Gottemoeller, Joseph Cirincione, Jon B. Wolfsthal. (Carnegie Endowment for International Peace, Washington DC, 2004).

UN mandate, which would be a significant additional factor in restraining states from withdrawing from the NPT following North Korean model. Joining the new protocol and the 1997 Additional Protocol would become an obligatory condition for future cooperation in the peaceful nuclear sphere, especially with regard to the closed fuel cycle.

As a positive stimulus, countries, which forgo the acquisition of NFC, could benefit from special agreements with the IAEA on guaranteed supplies of nuclear fuel for power reactors based on the lowest world prices. For these goals, a multilateral consortium of supplier-states could be created.

In the long term it would be possible to move toward a conception of a nuclear fuel bank under the IAEA auspices and the creation of an international organization on the production and supply of nuclear fuel, for which it would be necessary to resolve difficult international legal questions, economic integration and property issues.

### **The world nuclear market**

Another fundamental deficiency of the nonproliferation regime is related to the fact that the relationship between interested donors and the recipients of peaceful nuclear materials and technology was incorrectly evaluated at the time of the regime's creation. It was expected that the drive to acquire the benefits of the 'peaceful atom' would be so strong that it would allow the donors to attain a verifiable commitment from the recipients to forgo nuclear weapons development. Yet, the reality has turned out otherwise. The market for civilian nuclear materials and technology, promising profits in the billions, has become an arena for severe competition not of importers, but exporters. This situation led to two negative outcomes for the nonproliferation cause.

First, in competing for the sales market, supplier countries, and especially private businesses in these countries, turned out to be not particularly meticulous in their approach to the nuclear ambitions and programs of the recipient countries. For example, they tend not to pay due attention to compliance of these countries with IAEA safeguards or even membership of the importer countries in the NPT (such as in the case of Israel, India, and Pakistan). In addition, some of the major exporters were for many years (over 10) outside the NPT (France and China). Even evidence of ongoing military projects, or the existence of massive natural energy resources in the importer state, which would relieve them of a need for nuclear energy, failed to stop exporters from making deals with, for instance, Iraq, Iran, and Libya.

Ineffectual export control mechanisms (Zangger Committee, NSG) protected the 'liberalism' of states with regard to legal export. Illegal trafficking in nuclear items, from the point of view of private judicial or financial organizations, is completely out of the realm of monitoring.

The second negative outcome is related to insufficient mutual understanding between supplier states. Pressure from some on others to stop shipments to this or that country is most often perceived not as concerns over proliferation of nuclear weapons, but rather as an attempt to drive a competitor out of the market. For example, in 1994 the USA, South Korea and Japan managed to terminate nuclear export cooperation between Russia and North Korea under the pretext of Pyongyang's nuclear ambitions. At the same time they made a deal with North Korea on the construction of a nuclear reactor of the same type under their own monitoring and supposedly effective IAEA safeguards. Subsequently, this project, called the 'Korean Peninsula Energy Development Organization (KEDO)', was frozen, and North Korea openly resumed its military nuclear program and withdrew from the NPT in 2003.

Understandably, the U.S. policy in the beginning of this decade to secure termination of the construction of a similar nuclear reactor in Iran (the Buser project) being constructed with Russian assistance, has been perceived in Moscow not as an expression of proliferation concern, but solely as an attempt by Washington to push Russia out of this market and take its place. Despite having serious indirect basis for suspecting that Teheran is pursuing military nuclear activities (along side its development of missile technology, including getting assistance from Pakistan and North Korea), the Russian leadership up until now has resisted excessive U.S. pressure on Iran.

Since April 2005, Moscow officially favors the suspension of uranium enrichment in Iran. In 2006 Russia supported the corresponding UN Security Council resolutions (resolutions 1696 and 1737). But this position was balanced by a stipulation that the suspension will end when the IAEA's concerns over Iranian nuclear activities are resolved. Russia rejected the use of force as a form of pressure on Teheran even if Iran continues to press for the creation a full NFC.

The Buser contracts, as well as other areas of cooperation with Iran (including sales of arms) are too attractive for the Russian Federation and its military-industrial complex. This is why Iran's project to create enriched uranium production, which, although formally not forbidden by the NPT, could provide the ability to make nuclear weapons, is not considered by Russia as a sufficient reason for the use of force against Iran.

Evidently, the problem does not have a simple technical or single contractual solution. Its settlement lies in the lowering of the acute level of competition between supplier states in exchange for the development of

joint projects (such as an international consortium on the supply of nuclear fuel and spent fuel reprocessing), as well as in the tightening export control rules and giving them an obligatory international legal basis.

### **Priorities of the great powers**

Nonproliferation is treated in the NPT as a priority of international security side by side with nuclear disarmament. In reality, nuclear nonproliferation does not occupy the same place in the priorities of all the NWS. The priority of this challenge is currently considerably higher in the USA than in Russia (although Washington's treatment of it is very selective) or among Western European suppliers, not to mention new actual or potential nuclear exporters – Pakistan, India, Brazil, and China. Furthermore, as noted above, the connection between nuclear nonproliferation and disarmament practically does not come into the considerations of the leading NWS.

Of course, officially combating WMD proliferation and the threats of massive terrorism is proclaimed as the topmost goal of security strategy in the USA, Russia, and other big states. But this is far from unequivocally reflected in their practical policies and especially in their military and nuclear establishments, and military-industrial complexes. In addition to nonproliferation, there are other foreign policies priorities, which often rank higher.

Thus, support of Israel is more important for the USA than the harm Israel's nuclear program does to the NPT regime. Especially since the U.S. refuses to grant to Tel Aviv firm security assurances along the lines of NATO guarantees (or equivalent to those contained in the treaties with Japan and South Korea), for fear of alienating the oil-rich Islamic world.

As far as the Russian Federation is concerned, economic and political benefits from cooperation with India and Iran are also more prominent than the harm such cooperation does to nonproliferation, just as it is for the USA with regard to Pakistan. (In a similar vein, in early 2006 the U.S. also revisited its policy on India.)

Of course, Russia, China, Japan, and South Korea are concerned about the North Korean nuclear program, which was confirmed by a nuclear test on 9 October 2006, but not enough to agree to military action by the USA, which would have unpredictable consequences, especially after the experience of the 2003 war in Iraq.

Furthermore, the state of global politics periodically changes the attitudes of major NWS towards countries with nuclear ambitions. The USA tolerated Iran's nuclear program under the Shah, but now calls this

state a major threat to its security. Similarly, Washington looked the other way from Iraq's nuclear project while Iraq was at war with Iran in the 1980's and responded rather gently to Pakistan's nuclear preparations while at the same time reacting harshly to India's nuclear program and to India's cooperation with Russia.

After the last Iran-Iraq war, Baghdad became U.S. enemy number one. In 1991 Iraq was the target of an American military operation. The suspicion of an Iraqi nuclear program became the reason for the U.S.-led military campaign against Iraq in 2003. By the middle of the current decade, relations with Pakistan changed for the worse and with India in the opposite direction – relations with India sharply improved in the face of growing fears of Islamic radicalism and China's growth in economic and military might. Accordingly, the official Washington position changed diametrically.

It is perfectly clear that for the practical policies of the USA, Russia and other NWS, the specific nature of the situation and the specific government, which actually or potentially contributes to proliferation, is far from irrelevant. Therefore, it is not only the proliferation behavior of this or that government, which determines the attitudes towards it by the great powers. They are influenced by the extent of cooperation or enmity with the country posing a proliferation risk. To expect otherwise would be naive, even though this political reality creates real and serious political problems.

Double standards in the field of nonproliferation practiced by major NWS, along with the factors discussed above, substantially complicate the development of a united front, comprising the USA, Russia, and other big countries, on strengthening the NPT and its mechanisms and regimes.

In addition, the zigzagging policies of governments of the NWS with regard to the countries that pose risks for the nonproliferation regime, in reality create for the latter a lot of room for maneuver. Such policies also alienate 'law abiding' NNWS states parties to the NPT and undermine their desire to actively cooperate with leading nuclear powers on nonproliferation issues.

For the problems discussed above, in an even larger sense than with regard to competition in the nuclear supply market, there are no easy solutions. Handling these problems is possible only at the top level of foreign policy-making of the USA, Russia, and other great powers. The question is about real revision of current foreign policy priorities, agreements based not on words but on practice, mutual security interests, and a mutual rejection of double standards, which are still more the rule than the exception in the policies of the great powers. This revision would be much easier to accomplish with a thorough reconsideration of the military-political

basis of the relations among the great powers, in which opposition and rivalry still prevail over cooperation.

In addition, the leaders of nuclear supplier states have to choose political and administrative mechanisms to restrain domestic pressure groups, which are interested in widening nuclear export, regardless of the risk of proliferation of nuclear weapons.

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If the problems discussed above are not resolved in a constructive manner (such as in the spirit of the alternatives discussed regarding the NFC and withdrawal from the NPT), then future nuclear proliferation is very likely. The danger is not only in that with the growth in the number of conflicting nuclear states, the use of nuclear weapons would become more likely. The problem is more serious: the majority of new countries, which acquire nuclear weapons, do not have and most likely will not have in the foreseeable future sufficiently resilient basing for delivery systems, reliable methods of protection against attack, and control systems. Their domestic political situation is often unstable, with a high chance of civil war and upheaval. Risk of a first or preemptive strike, as well as unauthorized use of nuclear weapons, will be much higher in these countries.

This issue does not even reach the heart of the matter. The likelihood of materials falling into the hands of terrorist organizations, either intentionally or unintentionally, rises sharply with the specific character of the country's foreign policy and domestic political situation, corruption in civil and military agencies, low reliability of security services and means of protection, poor control and accounting of nuclear weapons and materials.

The huge world stockpiles of uranium with significant levels of enrichment and plutonium for energy, military and scientific purposes (estimated as up to 1700 tons of uranium and 460 tons of plutonium), raise special concern. The stockpiles of nuclear materials (in NWS, threshold and NNWS) are maintained under various accounting systems and not always in reliable storage conditions or sufficiently protected from theft or sale.

One may argue with sufficient grounds that the next wave of proliferation, if it gains momentum, will not simply trigger an exponential growth in the threat of use of nuclear weapons. By the force of the confluence of numerous risk factors, this wave will make the use of nuclear weapons practically inevitable in the foreseeable future.

The following steps should be taken by states as top-priority measures to strengthen the NPT and the entire regime and mechanism of nonproliferation of nuclear weapons:

1. All members of the NPT, including the USA and Russia, should ratify the 1997 IAEA Additional Protocol. Adherence to its provisions must become a necessary condition for any future international cooperation in the sphere of peaceful use of nuclear energy.

2. Develop obligatory and verifiable international standards on the accounting, physical protection; secure transport, storage and destruction of excess military nuclear materials. Provide financial and technical assistance for these measures, as well as physical protection of nuclear weapons storage sites under the auspices of the Global Partnership and similar programs.

3. Gradual transfer of guaranteed deliveries and eventually production of nuclear fuel for nuclear reactors (including MOX and fuel for breeder reactors) under international control.

4. Place the Proliferation Security Initiation (PSI) firmly within the framework of international law, as a norm and a means for legal interception and inspection of sea, land, and air transport suspected of illegal transfer of nuclear materials and technology.

5. Revitalize the currently functioning nuclear export control groups (Zangger Committee, NSG), placing their activities on a treaty-based legal basis with a more effective mechanism of decision making, system of control and, through the IAEA or UNSC, sanctions in case of noncompliance.

6. Forbid any new deliveries of closed NFC technology to states, which are not members of the NPT, and to countries suspected of having violated the NPT regime or having plans to withdraw from the NPT (such suspicions would be the subject of consideration by the IAEA). Deliveries of nuclear materials and technology to countries not members of the NPT may only be carried out if they accept IAEA safeguards and the Additional Protocol.

7. Ban deliveries of nuclear materials and technology to NNWS that have not joined the Additional Protocol. New deliveries of fuel cycle technology to NPT member states can be carried out only if the state has accepted the conditions of return or dismantlement of the received materials and technologies in the case of withdrawal from the NPT (or, in the case the state does not accept the conditions, a process has to be provided for by which sanctions could be applied on the basis of an IAEA report).

Provisions should be made for dismantlement of those facilities, which were created in violation of the NPT and of IAEA safeguards, as a condition of future cooperation with members of the NPT.

8. Guarantee provision of supply of nuclear fuel at the lowest market price to countries, which have foregone the full NFC. Provide subsequent removal of the spent fuel by the supplier country or by a specially established international consortium under the IAEA auspices.

9. Adopt worldwide norms of punishment of private companies or persons guilty of illegal activities, which pose proliferation risks (as crimes against humanity). Adopt national legislation in accordance with UN Security Council Resolution 1540, and most importantly, provide for UNSC verification of the practical implementation of these laws.

10. Develop joint programs by the USA, Russia, and other countries to develop new generation nuclear power reactors with a heightened operational security and minimal weapon-usable content in the spent nuclear fuel.

11. Significantly increase the personnel and funding of the IAEA, as well as broaden its rights to carry out investigations of NPT violations. Expand the use of the Agency's powers to transfer cases of non-compliance to the UNSC for further action.

#### **4. THE UN SECURITY COUNCIL AS THE ULTIMATE ENFORCER OF WMD NONPROLIFERATION RULES**

Alexandre KALIADINE

##### **The need for vigorous compliance**

Compliance with the norm against the proliferation of mass destruction weapons and of their related technologies and means of delivery has risen dramatically on the global security agenda recent years<sup>1</sup>. An increasing part of the overall WMD threat has been the issue of nuclear proliferation. Diffusion of dangerous nuclear technologies around the world tends to gain alarming dynamism<sup>2</sup>. The security system based on the Treaty on the Non-Proliferation of Nuclear Weapons, NPT (1970) and on succeeding international agreements has suffered significant corrosion due to the lack of enforcement.

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<sup>1</sup> The norm against the proliferation of WMD and their delivery means is affirmed in a number of multilateral conventions: the Treaty on the Non-Proliferation of Nuclear Weapons (188 participants); the 1972 Convention on the Prohibition of the Development, Production and Stockpiling of Bacteriological (Biological) and Toxin Weapons and on their Destruction, BTWC (155 participants); the 1993 Convention on the Prohibition of Development, Production, Stockpiling and Use of Chemical Weapons and their Destruction, CWC (178 participants) as well as the Missile Technology Control Regime, MTCR (34 participants). The International Code of Conduct against Ballistic Missile Proliferation was adopted in 2002. Over 120 states have acceded to it. These documents have codified global non-proliferation rules and provided the international legal framework for preventing the initiation of unlawful WMD programs. However, the rules are not self-enforcing.

<sup>2</sup> According to the International Atomic Energy Authority (IAEA), up to 30 states will be able to develop nuclear weapons in foreseeable future, if the spread of nuclear technologies is not effectively controlled. IAEA - is the international agency with a special status within the UN system. Non-nuclear-weapon states (NNWS) have conferred on the Agency considerable authority to verify compliance with the NPT.

Some states parties to the NPT have transgressed their contractual obligations, while Iraq, Libya, and North Korea and, probably, other states used their membership as a political cover for military nuclear programs, to ease access to dual-use technologies and materials.

India and Pakistan, staying outside the NPT, ignored calls of the UN Security Council to discontinue the development of nuclear weapons and sign the NPT. Iran, while a party to the NPT, defied UNSC and IAEA demands to suspend uranium enrichment activities and abate concerns of the international community regarding the nature of its nuclear program.

Globalization has increased the risk of dual-use nuclear materials and technologies falling into the hands of undeterrable non-state actors (black market operators, terrorist or other criminal networks).

Enforcing compliance with the NPT and relevant UNSC resolutions has become the central challenge of broadened collective security.

The Security Council as the principle organ of the United Nations invested with primary responsibility for the maintenance of international peace and security is empowered to play a central role in combating threats posed by the spread of mass destruction materials and technologies. To give effect to its decisions the Council is authorized to take action 'as it deems necessary' against non-compliant states. Chapter VII of the UN Charter permits the Security Council to use sanctions or military force in response to threats to international peace and security. The Council is the only international body with a legal writ to serve as the ultimate enforcement authority of the NPT. Under the UN Charter states are obligated to accept and carry out its decisions.

However, so far the actual performance of the UNSC as the ultimate enforcer has fallen short of expectations (due largely to the difficulties of reaching consensus among its permanent members, but also to the lack of available resources, facilities, procedures, etc.)

Yet recent experience has also shown that the Security Council is the body of the United Nations that has a capacity for organizing decisive anti-proliferation action and responding to new threats. However, additional practices involving both positive stimuli and sanctions are required to make the global non-proliferation system better equipped to manage enforcement challenges.

### **UNSC enforcement experience**

The gravity of the evolving situation led to an unprecedented decision to convene in 1992 the UNSC session at heads of states and government level. On 31 January 1992 the President of the Council was authorized to make a statement on behalf of all its 15 members, in which the

spread of all kinds of weapons of mass destruction was qualified as constituting 'a threat to international peace and security'. Members of the Council pledged to make efforts to prevent the spread of technologies related to research into such weapons or its development, and also to take appropriate measures to this effect<sup>3</sup>.

The Presidential Statement laid the foundation for subsequent UNSC efforts in this area. However, for a number of years the Council's role as the ultimate enforcer of the non-proliferation norm remained formal and ineffectual (deep divisions among its permanent members prevented the Council from exercising its powers). For example, the UNSC did not take action against Libya—party to the NPT when its military nuclear program was brought in to the public light and played no role in dismantling this program<sup>4</sup>.

But even when UNSC members agreed to deal with specific proliferant states, the Council failed to put sufficient effort to give effect to its decisions.

In 1998 the UNSC unanimously condemned nuclear weapon tests carried out by India and Pakistan<sup>5</sup>. On 9 May the UNSC President made a statement on this occasion. On 6 June the UNSC adopted Resolution 1172, in which the Council affirmed the need to continue to move with determination towards the full realization and effective implementation of all the provisions of the NPT<sup>6</sup>.

The Council demanded that India and Pakistan refrain from further nuclear tests and called upon them to immediately stop their nuclear weapon development programs, refrain from the weaponization or from the deployment of nuclear weapons, to cease the development of ballistic missiles capable of delivering nuclear weapons and any further production of fissile materials for nuclear weapons. The Council also called upon India and Pakistan to confirm their policies not to export equipment, materials or technology that could contribute to WMD or missiles capable of delivering them. The Council expressed its readiness to consider further how to ensure the implementation of Resolution 1172 and decided to remain actively seized of the matter.

However, subsequently the UNSC failed to consider the matter and follow-on actions. The Council proved unable to serve as a center for

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<sup>3</sup> UN document S/PV.3046. 31 January 1992.

<sup>4</sup> Libya scuttled nuclear and chemical weapons programs in the aftermath of negotiations held between Libya, on the one side, and Great Britain and the USA, on the other. Having realized the risks involved in pursuing WMD and fearing international sanctions, the Libyan authorities agreed to verifiably dismantle its clandestine nuclear and chemical weapon capabilities. It should be noted that the Libyan WMD program was not considered by the UNSC.

<sup>5</sup> UN document S/PRST/1998/17. 29 May 1998.

<sup>6</sup> UN document S/RES/1172(1998). 6 June 1998.

coordinating efforts of UN member states in the implementation of the objectives of Resolution 1172.

It is an open question whether the UNSC could have succeeded in forcing India and Pakistan to reconsider nuclear policies even if it tried hard. But the Council and, above all, its permanent members failed to display political resolve to take on the proliferators. The nuclear build-up in South Asia has become a source of instability in the region and beyond it. Besides, the creation of a clandestine network of traffickers originating in Pakistan gave a powerful impulse to international illicit trafficking in components of nuclear WMD, aggravating the risk of non-state entities, above all, terrorist groups coming into possession of nuclear WMD.

An instructive example of a different sort should be mentioned: the UNSC action in connection with Iraq's attempts to acquire nuclear weapons. After the failure of Saddam Hussein regime to annex Kuwait in 1990 and its defeat from the forces of the multilateral coalition in 1991, the UNSC imposed sanctions on Iraq. The UNSC mandated (UNSCR 687) on-site inspections of Iraqi nuclear facilities, which were more intrusive in scope than inspections envisioned under the IAEA safeguards in connection with the NPT. The inspection process ultimately led to the elimination of all unconventional weapons and production facilities covertly created by Iraq in the 1980s in violation of its NPT obligations. Subsidiary UNSC bodies (UNSCOM and later on – UNMOVIC) and the International Atomic Energy Agency played a decisive role in the inspection process.

The invasion of Iraq by the U.S.–led forces on 24 March 2003 undertaken in the name of opposing the spread of WMD and terrorism, undermined confidence in the UNSC's work. (The real objective was regime change disguised as nonproliferation. The military operation was launched without authorization from the UNSC. After the invasion American inspectors found no material evidence of ongoing NBC weapon programs in Iraq). The intervention in Iraq has backfired. Hard non-proliferation problems have not been made easier. The opposite has happened. The military campaign in Iraq reinforced the perception that actions, undertaken in disregard for the provisions of the UN Charter, tend to weaken the nonproliferation camp and strengthened arguments for a deterrent 'bomb'.

### **Sanctions to secure compliance**

The military operation in Iraq has produced negative political and security ramifications.

Among other developments, it gave a powerful impulse to the events, which resulted in a nuclear crisis on the Korean peninsula. No doubt, Kim Jong Il regime in DPRK, racing for nuclear weapons, bears primary responsibility for its outburst. But the USA's refusal to take into account North Korea's legitimate security concerns and Washington's practice of imposing unilateral sanctions against the DPRK, contributed to its aggravation. The UNSC's failure to respond timely and adequately to the DPRK's continuous non-compliance with the NPT in the early stage of its confrontation with the IAEA is to blame, too.

As far as 1993 the UNSC considered the findings of the IAEA Governing Board that the DPRK 'is in non-compliance with its obligations under the IAEA-DPRK safeguards agreement' and that the IAEA 'is not able to verify that there has been no diversion of nuclear materials required to be safeguarded under the terms of this agreement'<sup>7</sup>. In Resolution 825 (1993) the Council called on the DPRK to honor its obligations under the NPT and comply with its safeguards agreement with the IAEA. The Council requested IAEA Director-General Mohamed ELBaradei to continue to consult with the DPRK with a view to resolving the issues, which were the subject of the Board of Governor's findings. The Council urged all member states to encourage the DPRK to respond positively to this resolution and decided to remain seized of the matter and to consider further Security Council action if necessary.

Acting on these recommendations North Korea and the USA entered into negotiation, which culminated in the signing of 'the Framework Agreement' in 1994 and temporary constraint on the production of weapon-grade plutonium in the DPRK.

In 2002 the North Korean case was again sent to the UNSC. But the Council failed to act. In 2003 upon receiving the DPRK's notification about withdrawal from the NPT, the UNSC took no action<sup>8</sup>.

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<sup>7</sup> UN document S/RES 825 (1993). Not later than 1992 the IAEA submitted the report on North Korea to the UNSC with a conclusion that the DPRK was not in compliance with its obligations under the NPT. However at that time no action was taken in relation to North Korea. On 11 May 1993 North Korean authorities refused to allow IAEA inspectors to conduct inspections outside the locality that was declared open to safeguards (including the plutonium reprocessing facility and some other facilities). The inspectors drew conclusions that North Korea reprocessed greater quantities of plutonium that had been declared. At the end of December 2002 the DPRK's authorities terminated IAEA verification activities in North Korea. Some experts hold the view that the DPRK began to work on a nuclear military program as early as the 1990s.

<sup>8</sup> The stated reasons for withdrawing from the NPT in fact did not constitute extraordinary events relating to the subject matter of the Treaty. However, the UNSC did not address the implications of North Korea's withdrawal for international security and failed to take action to persuade the proliferant state to discontinue the nuclear weapon development. (Probably, at that time China, a permanent member of the Council, would have blocked an action of this kind).

Emboldened by the UN passivity the DPRK sped ahead with nuclear weapon developments and in the beginning of 2005 declared itself a nuclear weapon state (NWS). Although the situation had obvious implications for the maintenance of international security, the UNSC did not address this matter at that time and made no attempt to enforce compliance. Council's failure to respond promptly to the proliferating activity of North Korea damaged its credibility.

A special mechanism (outside the UNSC framework) was established to manage the DPRK nuclear weapon program - the Six-Party Talks, involving China, Japan, North Korea, South Korea, Russia and the USA.

During a fourth round of the Six-Party Talks (on 19 September 2005) the participants reached agreement on the general outlines of the settlement. The DPRK promised to dismantle its nuclear capability in exchange for normalization of relations with the USA, South Korea and Japan, economic assistance, construction of a nuclear power station. However, the schedule and procedure for carrying out these steps were not harmonized at that stage<sup>9</sup>. Both sides in the American-North Korean confrontation resorted to provocative actions. Washington imposed unilateral financial sanctions on the DPRK<sup>10</sup> and North Korea carried out missile tests (5 July 2005)<sup>11</sup> and later an underground nuclear explosion (9 October 2006)<sup>12</sup>.

The UNSC responded promptly to North Korean missile tests by adopting Resolution 1695 on 25 July 2006. The resolution demands that the DPRK suspend all activities related to its ballistic missile program and in this context re-establish its pre-existing commitments to a moratorium on missile launching. The resolution strongly urges the DPRK to return immediately to the Six-Party Talks without precondition, to work towards the expeditious implementation of 19 September 2005 Joint Statement, in particular to abandon all nuclear weapons and existing nuclear programs and to return at an early date to the NPT and IAEA safeguards. The reso-

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<sup>9</sup> The negotiations made no headway in 2006. A breakthrough at the Six-Party-Talks occurred in February 2007 after the UNSC imposed economic sanctions against the DPRK.

<sup>10</sup> In September 2005 the USA imposed sanctions against a Macao-based bank that held North Korean assets (the Banco Delta Asia). The accounts of about 50 North Korean banks, trading companies and individuals were frozen. The bank was accused of complicity in counterfeiting \$100 bills and money laundering by North Korea. The bank has repeatedly denied any wrongdoing. In response to the U.S. move North Korea boycotted the six-nation talks. That became a major sticking point in the six-nation talks, with Pyongyang demanding the return of the money.

<sup>11</sup> Several ballistic missiles of different ranges had been launched.

<sup>12</sup> An explosion of nuclear (plutonium) explosive device was conducted underground near the city of Kilju. Its explosive power was reported to amount to approximately one kiloton.

lution requires all member states to exercise vigilance and prevent the procurement of missiles and missile-related items, materials, goods and technology from the DPRK, and the transfer of any financial resources in relation to the DPRK's missiles or WMD programs. It also requires all member states to prevent missile and missile-related items being transferred to the DPRK's missiles and WMD programs<sup>13</sup>.

Reacting to North Korean preparations to conduct a nuclear test the President of the Security Council made a statement on behalf of the Council on 6 October 2006<sup>14</sup>. Urging the DPRK not to undertake a nuclear weapon test the Security Council stressed that such a test 'if carried by the DPRK, would represent a clear threat to international peace and security'. The Council warned the DPRK: 'should the DPRK ignore calls of the international community, the Security Council will act consistently with its responsibility under the Charter of the United Nations'.

North Korea tested a nuclear device on 9 October 2006 in defiance of the Presidential Statement. The UNSC responded to the nuclear testing by adopting unanimously on 14 October 2006 Resolution 1718<sup>15</sup>. The resolution expresses profound concern that the DPRK's nuclear test has generated increased tension in the region and beyond and determines therefore that there is a clear threat to international peace and security. However, the reference to Chapter VII of the UN Charter is confined exclusively to its Art. 41, which envisages enforcement measures not involving the use of force. In this resolution the Security Council recalls that the DPRK 'cannot have the status of a nuclear weapon state'. The Council demands that the DPRK do not conduct any further nuclear tests or launch of a ballistic missile. It also demands that the DPRK shall abandon all nuclear weapons and existing nuclear programs in a complete verifiable and irreversible manner and suspend all activities related to its ballistic missile program. All state members are required (paragraph 8 of Resolution 1718) to prevent direct or indirect supply, sale or transfer to the DPRK of any materials, equipment, goods and technologies, which could contribute to the DPRK's nuclear-related, ballistic missile-related or other WMD-related programs, as well as some kinds of conventional weapons and luxury goods. All states members are also required to freeze the funds, other financial assets and economic resources that are owned or controlled by persons or entities engaged in the DPRK's nuclear-related, other WMD-related and ballistic missile-related programs. All state members are called upon to take co-operative action including through inspection of cargo to and from the DPRK, as necessary to prevent illicit trafficking in nuclear,

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<sup>13</sup>UN document S/RES/1695 (2006). 25 July 2006.

<sup>14</sup>UN document PRST/2006/41. 6 October 2006.

<sup>15</sup>UN document S/RES/1718(2006). 14 October 2006.

chemical or biological weapons and their means of delivery and related materials.

A Committee of the Security Council, consisting of all its members (a Sanctions committee) has been established to undertake tasks related to the implementation of the measures imposed by Resolution 1718<sup>16</sup>. The UNSC decided to remain actively seized of the matter and keep North Korea's actions under continuous review.

The sanctions regime imposed against the DPRK provides for measures to counter illicit trade to and from North Korea. Of particular significance in this respect is the provision on the inspection of cargo, containing WMD components or related materials, to and from the DPRK. It is pertinent to note in this connection that the interdiction of suspected cargo on the high seas might pose complicated political and legal problems<sup>17</sup>. Most notably, the paragraph on inspection of suspected cargo is formulated in the form of 'a call' (rather than a 'demand') to states to co-operate implying that it is a recommendation rather than a legal obligation<sup>18</sup>. UNSC

### **Supplementary enforcement arrangements**

In order to enforce UNSCR 1718, states members of the UNO may take advantage of existing international arrangements, such as the Proliferation Security Initiative (PSI) designed to combat illicit trade in WMD, their delivery systems and related materials. The PSI constitutes an informal international arrangement supported (currently) by 80 states (including Russia) to develop political commitment and practical co-operation among states to help to impede and stop the flow of WMD, their delivery systems and related materials to and from states of proliferation concern. PSI participants are committed to establish a more coordinated and effective basis for the implementation of interdiction principles consistent with relevant international laws and frameworks, including the UN Security Council. Documents adopted by the partners characterize the PSI

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<sup>16</sup> On 1 November 2006 the UNSC adopted a list of items and substances which can be used to manufacture WMD and ballistic missiles, banned for export to the DPRK. The list contains hundreds of positions, covering thousands of items and substances. States members of the UNO were notified of the adoption of the list. States were requested to confirm their readiness to comply with the sanction regime.

<sup>17</sup> In the international sea law there is no explicit prohibition or confiscation norms regarding vessels used to transport arms on the high sea. The consent of a flag state is required to allow the boarding of such vessels. This gap can be remedied by building an international norm banning clandestine transfers of equipment and materials relevant to WMD proliferation.

<sup>18</sup> UN document S/RES/1718(2006). 14 October 2006.

as 'being part of the overall effort in support of non-proliferation, which is a pillar of collective security and strategic stability. It can contribute among other tools to the fulfillment of and compliance with commitments under this regime, in particular non-proliferation agreements'<sup>19</sup>.

It should be noted that in 2003-2006 PSI partners conducted over 20 interdiction-training exercises (on sea, in the air and on land) and held several operational experts meetings to improve PSI ability to share information with law enforcement and military operators<sup>20</sup>. The partners have tested a number of tools designed to interdict suspected cargoes, practicing ways of halting the illicit trade in WMD components through inspection of suspected cargoes.

Surely, the application of the PSI mechanism in actual interdiction operations would require solution of difficult legal, political and logistical problems and, above all, close interaction between intelligence agencies of partner states and the exchange of delicate information on proliferators.

Regrettably, no formal mechanism for regular co-ordination between the PSI and UNSC has been established. This complicates the co-ordination of the enforcement effort on an operational level and even put in doubt the legitimacy of interdiction and searches operations conducted under the PSI umbrella.

The establishment of such a formal link would have facilitated the sanctions regime imposed on the DPRK and helped to bring the North Korean nuclear problem back within the framework of the diplomatic settlement.

The preservation of the unity of the permanent members of the Security Council on this matter and development of a qualitatively new level of co-operation of their intelligence, law enforcement and other relevant agencies in implementing the sanction regime is an essential requirement for sanctions to be effective.

In the long run, the efficiency of sanctions against the DPRK will to a considerable degree depend on China, which possesses sufficient levers to sway North Korean policy.

On the whole, the application of anti-proliferation means - alongside with measures of encouragement and stimulation of returning to the

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<sup>19</sup> <http://usinfo.state.gov/rusски/> (accessed on 8 September 2004).

<sup>20</sup> In October 2004 the maritime interdiction exercise Tim Samurai under the umbrella of the PSI was held on the sea off Sagami bay, Southwest of Tokyo. The exercise simulated the interception of two ships suspected of transporting sarin. Russia participated in the exercise as an observer.

On 30-31 October 2006 maritime interdiction exercise was held in the Persian bay. Naval ships of the USA, Great Britain, France, Italy, Australia and Bahrain took part in the exercise. Military Staff exercises were also conducted. Representatives of 25 nations took part in them (including the RF). The interdiction simulations involved testing decision-making in relation to potential interdiction of proliferation-related shipments.

non-nuclear status can increase chances for freezing and subsequent dismantling of North Korean nuclear-missile program, though one should not underestimate the difficulties in achieving this objective<sup>21</sup>.

The need for the UNSC to intervene at an early stage of a nuclear crisis is a principal lesson to be drawn from the North Korean nuclear crisis. The UNSC should send a clear and strong signal to the non-complying state as soon as possible and indicate its resolve to prevent proliferation (probably listing specific penalties for challenging the UNSC decisions).

Resolution 1718 may have enormous potential implications for the operation of the global WMD non-proliferation regime. It has created an important enforcement precedent: a legal regime based on international consensus is established comprising targeted sanctions against a proliferant state. A broad range of conditions, which North Korea ought to meet prior to the lifting of the sanctions, may become a standard to be applied in similar circumstances.

This sanctions experience should be taken into account in grappling with similar nuclear programs of non-complying actors.

### **Non-compliance with UNSC decisions: the case of Iran**

Growing interest of a number of countries in civilian nuclear power is characteristic of contemporary world development. The Islamic Republic of Iran (Iran) has been creating a ramified nuclear infrastructure by exercising its 'inalienable right to develop research, production and use of nuclear energy for peaceful purposes' (Art. IV of the NPT)<sup>22</sup>. It has developed plans to construct uranium enrichment, plutonium separation, and isotope separation facilities, which have inherent weapons potential)<sup>23</sup>.

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<sup>21</sup> On 13 February 2007 the states, participating in the Six-Party Talks in Peking, reached agreement, by which North Korea will dismantle its nuclear weapons program and its partners in the Six-Party Talks will provide it with energy. According to the deal, North Korea during the first 60-day phase will shut down and seal its main nuclear reactor at Yongbyon, allow international verification and provide a list of all of its nuclear programs to the other Six-Party Talks participants. During the same period the other members will provide North Korea an initial shipment of 50 000 tons of heavy fuel oil (HFO) as emergency energy assistance. However, a lot of work will be needed to realize the full implementation of the September 2005 Agreement on denuclearization of Korean Peninsula.

<sup>22</sup> Iran has announced plans to build 25 atomic power stations with a total capacity amounting to 25 000 megawatt in the course of 10-15 years.

<sup>23</sup> Uranium enrichment and plutonium reprocessing facilities related to the nuclear fuel cycle (NFC) are capable of producing weapon-usable materials (highly enriched uranium and weapon-grade plutonium), that can be also used to manufacture nuclear explosive devices. Some experts hold the view that Teheran's plans for the creation of NFC facilities are not economically sound and therefore are certain to generate international suspicions about hidden Iranian motivations. The supplies of fuels for the only Iranian atomic power station being built in Busher with the participation of Russian firms are

It should be emphasized that the NPT does not limit the right of the parties to this treaty to develop such facilities<sup>24</sup>. The treaty only requires that they should be declared to the International Atomic Agency (IAEA) and placed under its safeguards. Similar production capabilities have expanded into a number of non-nuclear-weapon states (NNWS) – parties to the NPT: the states of the European Union, as well as Japan, Brazil). Those developments have not contributed to the proliferation of nuclear weapons.

In contrast, the Iranian authorities chose not to disclose certain nuclear facilities to international scrutiny. For over 18 years Teheran concealed from the IAEA the full extent of its nuclear activities and committed many breaches of its obligations to comply with its nuclear safeguards agreement under the NPT.

For the first time the undeclared Iranian nuclear facilities were brought to the public light in 2002 and caused widespread doubts in the world about the exclusively peaceful character of the nuclear program of this country. The exposure provoked confidence crisis in relations between Iran and the international community.

In 2003–2004 Teheran undertook a number of steps to resolve questions, related to the assessment of the correctness and completeness of the Iranian declarations about its nuclear activities. Iran expanded its co-operation with the IAEA. On 8 December 2003 it signed the Additional Safeguards Protocol to its Safeguards agreement with the IAEA<sup>25</sup> and began to implement it on a voluntary basis. Teheran announced a moratorium on all activities related to uranium enrichment and reprocessing. Nuclear materials were declared to the IAEA and placed under its safeguards.

These measures partly alleviated international concerns about the previous covert Iranian nuclear activities. However, some questions remained unresolved<sup>26</sup>.

guaranteed for a decade. Russia has also proposed to create a joint Russian - Iranian enterprise for uranium enrichment on the territory of the Russian Federation.

<sup>24</sup> However, obtaining materials necessary to produce nuclear weapons would be contrary to Iran's obligation under Art. 2 of the NPT.

<sup>25</sup> The 1997 IAEA Additional Protocol to the existing Safeguards Agreements, ASP (IAEA INFCIRC/540) aims at strengthening safeguards agreements through increased confidence about the absence of undeclared nuclear material and activity in a state as a whole. The ASP allows broader and more intrusive inspection of nuclear facilities and includes provisions for carrying out IAEA inspections of practically any nuclear facility (including undeclared ones) in the state party to the NPT. As of March 2006 75 states have additional protocols in force.

<sup>26</sup> For example, the IAEA could not obtain clarifications with regard to the dates and content of the foreign deliveries to Iran of centrifuges for enriching uranium. Iran also refused to clarify some important issues related to its nuclear program, including the fact that

Despite its efforts to clarify all aspects of the Iranian nuclear program the IAEA has been unable to come to a conclusion about the absence of undeclared activities in this country, listing among the reasons the gaps in the information, which continued to cause concern<sup>27</sup>.

In the second half of 2005 the Iranian nuclear policy underwent a sharp turn when conservative groups came to power and Mahmoud Ahmadinejad was elected in July 2005 president of the country.

The Iranian administration resumed uranium conversion activities at its Isfagan facility on 8 August and took steps to resume uranium enrichment activities on 10 January 2006. These actions were accompanied by the governmental declarations about continuing commitment to the NPT and the Safeguards Agreement with the IAEA and Iran's willingness to resolve problems involved in the implementation of this agreement. However, Iranian authorities failed to ensure the required level of transparency to allow the IAEA to confirm the absence of undeclared nuclear activity or materials in the country.

Moreover, Iran stopped to comply with the IAEA Additional Safeguards Protocol. Thus, the Agency's ability to assess the character of the Iranian nuclear activity was reduced<sup>28</sup>. Therefore the international community's concern about the Iranian nuclear program increased.

The emergency session of the IAEA Board of Governors held in February 2006 registered this growing concern. On 4 February the Governing Board adopted the resolution<sup>29</sup> calling Iran to take a number of concrete measures to increase confidence. The Board of Governors also decided to inform the UNSC about the matter.

On 8 March 2006 the IAEA General-Director forwarded a report on the Iranian nuclear problem to the UNSC drawing attention to the fact

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Iran had in its possession a document on the production of uranium metal hemispheres (the process is related to the fabrication of nuclear weapon components).

<sup>27</sup> In November 2004 the IAEA Board of Governors concluded that inspectors were still unable to certify 'that there are no undeclared nuclear materials or activities in Iran'.

<sup>28</sup> After February 2006 Teheran did not allow to the IAEA inspectors to visit Iranian nuclear facilities in the absence of prior notification. As of December 2006, the IAEA has not been able to make any further progress on resolving the outstanding issues. This is due to the decision of Iran to limit its co-operation with the Agency. The IAEA has been unable therefore to move forward in its efforts to confirm the absence of undeclared nuclear material and activities in Iran. Thus, international confidence regarding scope and nature of Iran's nuclear program has not been restored.

<sup>29</sup> IAEA GOV/2006/14. The Board of Governors consists of 35 members of the IAEA. The resolution was supported by 27 states. Five members abstained (Algeria, Belarus, Libya and South Africa). Three states voted against (Syria, Venezuela and Cuba). Notably, India and some other countries of the Non-Aligned Movement voted for the resolution. The IAEA consists of 137 member states.

that Iran failed to take action to allay concerns of the international community regarding the character of its nuclear program<sup>30</sup>.

The IAEA Board of Governors deemed it necessary for Iran: to re-establish full and sustained suspension of all enrichment activities, including research and development; reconsider the construction of a research reactor moderated by heavy water; ratify promptly and implement in full the Additional Protocol; pending ratification, continues to act in accordance with the provisions of the Additional Protocol; and implement transparency measures, which extend beyond the formal requirements of the Safeguards Agreement (with the IAEA) and Additional Protocol, and include access to individuals, documentation and research and development as the Agency may require in support of its ongoing investigations<sup>31</sup>.

The position of the UNSC on the Iranian dossier is outlined in the Presidential Statement made on behalf of all its members on 29 March 2006<sup>32</sup>.

Regarding Iran's nuclear program, the Security Council noted with serious concern a number of outstanding issues and concerns, including topics, which could have a military nuclear dimension and that the IAEA was unable to conclude that there were no undeclared nuclear materials or activities in Iran. Serious concern was expressed about Iran's decision to resume enrichment-related activities, including research and development, and to suspend cooperation with the IAEA under the Additional Safeguards Protocol.

The UNSC called upon Iran to take the steps required by the IAEA Board of Governors, which were essential to build confidence in the exclusively peaceful purpose of the Iranian nuclear program. The Council underlined, in this regard, the particular importance of re-establishing full and sustained suspension of all enrichment-related activities to be verified by the IAEA. The Council also underlined the necessity of the IAEA continuing its work to clarify all outstanding issues related to Iran's nuclear program. It requested in 30 days a report from the Director General of the IAEA on the process of Iranian compliance with the steps required by the IAEA Board to the Security Council for its consideration.

The Iranian authorities ignored the demands contained in the Presidential Statement. Therefore, the UNSC had to consider further steps to persuade them to change their mind.

On 31 July of the same year the Security Council adopted Resolution 1696. In this resolution the Security Council decided to act under Art.

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<sup>30</sup> IAEA GOV/2006/15.

<sup>31</sup> Ibid.

<sup>32</sup> UN document S/PRST/2006/15. 29 March 2006.

40 of Chapter VII of the UN Charter<sup>33</sup> (in order to make mandatory the suspension required by the IAEA). The Council demanded that Iran ‘suspends all enrichment-related and reprocessing activities, including research and development, to be verified by the IAEA’ (paragraph 2). The resolution called on all states ‘to exercise vigilance and prevent to transfer any items, materials, goods and technologies that could contribute to Iran’s uranium-enrichment and reprocessing activities and ballistic missile programs’. The Council stressed that the IAEA must continue its work in Iran to clarify all outstanding issues regarding Iran’s nuclear programs emphasizing its determination to reinforce the authority of the IAEA process’.

If the IAEA reported that Iran had not suspended all enrichment activities by 31 August 2006, the Council intended ‘to adopt appropriate measures under Article 41’ of the UN Charter ‘to persuade Iran to comply with this resolution and the requirements of the IAEA’<sup>34</sup>. However, further decisions by the Council ‘will be required should such additional measures are necessary’.

An informal negotiating mechanism has been established to facilitate communication with Iran: ‘P5 plus 1’ (five permanent members of the UNSC and Germany).

Ministers for foreign affairs of the six countries held several meetings to harmonize a long-term collective strategy for the solution of the Iranian nuclear crisis.

At their meeting in Vienna in June 2006 they managed to harmonize a package of proposals to Iran containing a list of offers to stimulate Iran to suspend its enrichment and reprocessing activities, which covered questions of co-operation in political, economic and nuclear fields<sup>35</sup>. On 6 June the proposals were forwarded to the Iranian authorities. It is impor-

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<sup>33</sup> Art. 40 of the UN Charter deals with ‘provisional measures’ needed ‘to maintain or restore international peace and security’. Under this Article, the Security Council may call upon the states concerned to ‘comply with such provisional measures as it deems necessary or desirable’ in order ‘to prevent aggravation of the situation. ‘The Security Council shall duly take account of failure to comply with such provisional measures’.

<sup>34</sup> Art. 41 pertains to diplomatic and economic sanctions, which “may include complete or partial interruption of economic relations and rail, sea, air, postal, telegraphic, radio, and other means of communication, and the severance of diplomatic relations”.

<sup>35</sup> The document was not made public officially. It was reported to include several key elements: the willingness of the USA to sit down directly with Iran; internationally guaranteed, economically attractive supplies of the fuel and services necessary to meet nuclear energy demands (an international fuel cycle centre in Russia involving the Iranians; a five-year fuel-bank/buffer stock for Iran); affirmation of Iran’s right to nuclear energy for peaceful purposes; an energy partnership that included investment in Iran’s oil and gas infrastructure, and assistance in energy conservation and renewable technologies; a new regional political forum to involve Iran and other regional states to discuss security guarantees, and a WMD-free zone for the Middle East. These inducements did not have much effect on Iran.

tant that they were made on behalf of all the six nations, including the USA. It was implied that the UNSC would suspend further consideration of the Iranian nuclear program if Teheran accept the P5 + 1 package.

However, the Iranian authorities refused to suspend enrichment and reprocessing activities by 31 August 2006 maintaining that the Iranian nuclear program was peaceful.

Hence, the UNSC continued to be seized of the matter. The Council had to take into account the failure of Iran to comply with Resolution 1696 and decide upon additional steps to influence Teheran's nuclear course.

In considering the matter the Security Council ought to be guided by the collective assessment regarding the extent of the risk that the Iranian defiance posed to the NPT regime.

It is pertinent to note that the IAEA, which professionally bears responsibility for monitoring compliance of the states with their non-proliferation obligations, was unable in 2006 to come to an explicit conclusion on the character of the Iranian nuclear program. It is not clear from the IAEA reports to the UNSC whether Iran is bent on acquiring an atomic bomb.

Teheran has succeeded in persuading a number of non-aligned states of its willingness to prevent misuse of its nascent uranium enrichment and plutonium reprocessing capabilities for military purposes.

The participants of the XIV Conference of the states of the Non-Aligned Movement (118 countries) held in September 2006 in Havana, unanimously supported "the Iranian program for the peaceful uses of nuclear energy". The Final Declaration of the Conference referred to 'numerous inspections conducted in Iran', which did not detect 'any evidence of the dual-purpose nuclear research'.

As has been mentioned elsewhere, the NPT recognizes 'the inalienable right of all the Parties to the Treaty to develop research, production and use of nuclear energy for peaceful purposes without discrimination'. This is a norm of international law. With regard to the maintenance of international peace and security the UNSC is empowered to take decisions mandatory to UN members. But it is not authorized to create new norms of international law, for example, a norm prohibiting a member of the NPT to have a nuclear enrichment facility.

Since the military aspect of the Iranian nuclear program is not sufficiently documented, some states (especially non-aligned nations, which perceive painfully any attempts to limit their civilian nuclear activities as a manifestation of 'nuclear imperialism') do not feel comfortable with the

UNSC demand addressed to Iran to suspend its enrichment and reprocessing activity (paragraph 2 of UNSCR 1596)<sup>36</sup>.

The UNSC itself has been divided over how to handle Iran's defiance of its decisions<sup>37</sup>.

Russia and China emphasize the need to ensure reliable guarantees of the exclusively peaceful character of the Iranian nuclear program and prevent violations of the NPT regime. Advocating strategy of positive engagement with Iran, Moscow and Peking seek solutions to the non-compliance issues through diplomatic negotiations and measures based on positive incentives rather than coercion and punishment. Both countries take fair account of Iranian national feelings and security needs. They see sanctions as a measure of last resort. In their view, sanctions should be proportional to the risk, that Iran's misbehavior poses to the international non-proliferation regime. Russia and China shy away from committing themselves to use of force should diplomacy fails.

Russia as a neighboring nation has an obvious interest in preventing Iran from obtaining nuclear weapon capabilities through dual-use fuel cycle programs. At the same time Moscow values its considerable commercial, industrial and technological ties with Iran. Russian policy makers are faced with the dilemma: how to combine non-proliferation requirements with the needs of the exporters of high-tech goods and how to ensure the resolution of controversies in the evaluation of specific conflicts of interests related to proliferation, international trade and scientific-technological co-operation in the interests of national and international security.

The difficulties of harmonizing conflicting interests will multiply, should more vigorous steps are called for to manage challenges posed by the Iranian nuclear transgression. The prospects of Russian-Iranian cooperation in various fields will largely depend on a solution to the crisis surrounding Iran's nuclear program.

Great Britain, France and Germany also emphasize the need for a diplomatic resolution of the Iranian nuclear problem but display greater willingness to apply some limited economic sanctions, particularly those, which do not affect significantly their business interests. Nominally, they also profess willingness to use force against proliferation threats should diplomacy fails. However, extensive commercial and economic dealings with Iran, particularly in energy, have been an important restraining factor influencing non-proliferation policies.

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<sup>36</sup> Iran's record of violations of its safeguards obligations has made it unsafe for the international community to permit this state to produce uranium or plutonium directly usable in nuclear weapons.

<sup>37</sup> On motivations of the policies of the permanent members of the UN Security Council towards Iran see chapter 3, pp. 64-66.

The USA does not currently maintain diplomatic relations with Iran and pursue a more coercive approach displaying willingness to rely on instruments of isolation and pressure in dealings with this country. Besides, the U.S. approach tends to give preference to the unilateral exercise of power (it overemphasizes military responses to proliferation at the expense of diplomacy). Besides, issues of the NPT compliance are linked with broader U.S. foreign policy objectives not directly related to the tasks of upholding the NPT ('promotion of freedom', 'regime change', etc.).

On 30 September 2006 President George Bush signed legislation on the promotion of freedom in Iran, which extends until 31 December 2011 sanctions imposed against this country. Under the law, the USA may introduce sanctions against foreign companies cooperating with Iran in the sphere of civilian uses of nuclear energy<sup>38</sup>. Such unilateral actions may sharpen divisions in the UNSC.

It is important to preserve unity among the permanent members of the UNSC in elaborating further action in relation to the Iranian nuclear dossier on the basis of common interest in the preservation of the NPT regime. After all, they (as well as Germany and many other NNWS) favor bolstering the NPT regime, seek to deny Iran a nuclear weapons capability and oppose Iranian plans of uranium enrichment on an industrial scale.

It should be acknowledged that both Iran's defiance of the UNSC/IAEA decisions, and its confrontational stance on the temporary suspension of uranium enrichment activities, on the one hand, and artificial inflaming the passions around this country, on the other, hold the potential for sharpening the nuclear crisis.

It is unlikely that Iran would halt completely its controversial nuclear program under the UNSC pressure. (The effect of international sanctions, on which the opinions in the UNSC converge, would not be sufficiently powerful, at least in the short term<sup>39</sup>).

Nevertheless, opportunities exist to reach an accommodation. Teheran can be persuaded to accept tighter (expanded) IAEA inspections (above those already in operation) to guard against any diversion of nuclear material for military purposes and allay concerns felt by the international community<sup>40</sup>. Once international trust in the Iranian nuclear inten-

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<sup>38</sup> In July –August 2005 the USA introduced sanction against two Russian companies 'Sukhoi' (avionics) and 'Rosoboronexport' accused by the State Department in the violation of the American legislation of 2002, which bans co-operation with Iran in the military-technical and allied fields. Sanctions prohibited firms and companies registered in the USA from cooperating with the Russian firms. The Russian firms rejected the accusations against them. In November 2006 sanctions against 'Sukhoi' were lifted.

<sup>39</sup> On the issue of uranium enrichment Iranians are united and are unlikely to change whatever the pressure.

<sup>40</sup> The ratification by Iran of the IAEA Additional Protocol will provide security that Iran is not pursuing a nuclear weapon program.

tions is re-established, the suspension of the uranium enrichment and re-processing activities would no longer be required.

On 23 December 2006 the UNSC voted unanimously to impose limited (targeted) sanctions on Iran for refusing to suspend uranium enrichment<sup>41</sup>. Resolution 1737 orders all states to stop supplying Iran with specified banned items and technologies that contribute to nuclear weapon and missile programs. Sanctions specifically target certain elements of Iran's nuclear program, prohibiting trade in equipment and technology related to uranium enrichment and plutonium reprocessing. Thus, the care is taken to ensure that transferred equipment does not augment Iran military capability. The resolution also contains calls for freezing assets associated with this activity and places travel bans on some key individuals associated with it. At the same time Resolution 1737 does not ban cooperation with Iran in the areas unrelated to the IAEA's concerns. It called on the IAEA Director-General to report on Iran's compliance with the Council's demands by February 2007<sup>42</sup>.

Sanctions are to be lifted after the IAEA Governors Board confirms Iran's compliance with the provisions of Resolution 1737. The resolution is a reminder to the Iranian authorities on the need to cooperate openly and honestly with the IAEA in resolving international concerns about the nuclear program of Iran. Its core message aims to persuade Teheran that there are serious repercussions to its continuous defiance of the UNSC decisions. The resolution urges Iran to develop straightforward cooperation with the IAEA to resolve a number of issues and concerns with regard to the character of its nuclear program.

The Iranian authorities reiterated their stance regarding the 'irreversible' nature of their nuclear course, sped ahead nuclear enrichment activities in defiance of UN Security Council's demands and limited further their cooperation with the IAEA<sup>43</sup>.

Iran is so far years away from a potential nuclear weapon capability<sup>44</sup>. But the evidence about Teheran's nuclear intentions is incomplete.

In the opinion of the author, Iran's transition to the production of highly enriched (weapon-grade) uranium on an industrial scale and viola-

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<sup>41</sup> UN document S/RES 1737(2006). 23 December 2006.

<sup>42</sup> Iran defied the Security Council deadline on enrichment. Iran announced plans to install 3000 centrifuges in 2007. That would mark an effort to graduate from research-level refinement of nuclear fuel to a basis of industrial-scale production.

<sup>43</sup> Iran has refused to let the IAEA set up remote monitoring cameras in the cascade hall in its uranium enrichment plant in Natanz.

<sup>44</sup> A IAEA report (22 February 2007) said Iran installed two cascades, or networks, of 164 centrifuges each in its underground uranium enrichment plant with another two close to completion. With such a number of their existing type (P-1) centrifuges it would take several years to produce sufficient HEU to make one bomb.

tion of the IAEA safeguards should be considered as ‘a red line’ justifying tougher action under Chapter VII of the UN Charter.

Through evasions and procrastinations Iranian officials have been able to fend off a climax to the crisis. The experience has not so far given a convincing answer as to what type of a response to suspicious nuclear activities is robust. Escalating diplomatic and physical pressure to force a state to comply with the demands of the international community? Or mainly ‘soft’ methods involving diplomatic, economic and other incentives, etc? Or some optimal combination of ‘sticks’ and ‘carrots’ can be designed? This uncertainty has added urgency to the questions about proportionality, expediency and efficiency of measures to be applied by the UNSC to ensure compliance.

### **Combating proliferation to non-state entities**

In 2003 a clandestine network of traffickers originating in Pakistan was exposed and the scope and breadth of the trafficking activity in dangerous nuclear materials and technologies was brought to the public eye for the first time<sup>45</sup>. The political scandal burst revealing appalling insufficiencies of the existing laws and export control enforcement practices of the IAEA, the Nuclear Suppliers Group<sup>46</sup> and national agencies. The emergence of black markets in WMD-related items and increasing danger of terrorist groups coming into possession of WMD have posed new critical challenges, which the traditional multilateral treaty-based mechanisms failed to resolve.

Resolution 1540 adopted by the UNSC on 28 April 2004<sup>47</sup> within the context of combating terrorism criminalized proliferation activities of individuals, corporations, other non-state entities (black market operators, terrorist networks) and established necessary international-legal frame-

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<sup>45</sup> The well-organized clandestine network of traffickers headed by a Pakistani nuclear physicist A.Q. Khan, included scientists, engineers and middlemen from Switzerland, Great Britain, Germany, Sri Lanka, Malaysia and other countries. The dealers were engaged in proliferation activity from the middle of 1980s selling nuclear weapon designs, bomb making material and know-how to North Korea, Iran, Libya and, probably, to other countries. Links in the black market trafficking chains were reported to include suppliers, intermediaries, transport and servicing structures and end-users.

<sup>46</sup> The aim of the Nuclear Suppliers Group (NSG) is to prevent the proliferation of nuclear weapons through export controls of nuclear and nuclear-related material, equipment, software and technology. The NSG now includes 45 countries with the European Commission as an observer.

<sup>47</sup> The resolution was adopted unanimously. Five permanent members submitted the draft to the UNSC on 24 March 2004. All UN member states were invited to take part in the deliberations at the open session of the Security Council. Representatives of over 50 member states participated in the debates. UN document S/RES/1540 (2004).

works. Resolution 1540 highlighted the central coordinating role of the Security Council in the non-proliferation area. It contains important principles and mechanisms for tackling problems related to black markets in WMD-related materials, thus eliminating gaps in the global non-proliferation system.

Under the resolution all states are required to adopt and enforce appropriate effective domestic laws prohibiting any non-state actor to manufacture, acquire, possess, develop transport, transfer or use WMD and their means of delivery<sup>48</sup>. Recognizing that some states may require assistance in implementing provisions of this resolution, the Security Council invited states in a position to do so to offer assistance as appropriate in response to specific requests and called upon all states to take cooperative action to prevent illicit trafficking in nuclear, chemical or biological weapons, their means of delivery, and related materials.

Resolution 1540 has become an essential tool of the international community in the non-proliferation area. It has enhanced co-ordination of efforts on national and international levels in order to prevent the spread of WMD to non-state actors and above all to terrorist groups.

It is of particular significance that UNSCR 1540 was adopted under Chapter VII of the UN Charter making compliance with the provisions set forth in this resolution mandatory for all UN member states (currently – 192). All states are therefore obligated to establish and enforce national legislation to secure nuclear materials, strengthen export controls, and criminalize illicit trade.

A Committee of the Security Council (Committee 1540) was established (initially for a period of two years) to report to the UNSC for its examination on the implementation of this resolution. States were called upon to report no later than six months from the adoption of this resolution on steps they had taken to implement Resolution 1540<sup>49</sup>.

As from 30 December 2005 124 states as well as the European Union submitted reports on the implementation of Resolution 1540<sup>50</sup>. The Committee 1540 has become an important instrument of international co-

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<sup>48</sup> Under Resolution 1540 states were required to take and enforce effective measures to prevent the proliferation of WMD and to this end to develop and maintain appropriate physical protection measures, develop and maintain effective border controls and law enforcement efforts, establish, develop, review and maintain national export and trans-shipment controls, establish and enforce criminal or civil penalties for violations of export control laws and regulations.

<sup>49</sup> The 1540 Committee is called upon to monitor the implementation of resolution 1540.

<sup>50</sup> Russia submitted its report to the UNSC on 26 October 2004. Russian report on the implementation of UNSCR 1540 contains detailed information on national control measures directed at strengthening legislative authority and enforcement activity as well as improve accounting, physical protection and export controls.

operation. It has promoted an exchange of experience and monitoring of the national non-proliferation regimes, in particular in the field of export control.

The report of Committee 1540 on the implementation by the states of resolution 1540 for the period of two years, submitted in 2006, has shown that much has been made in this area but a lot more is to be done.

On 27 April 2006 the UNSC adopted Resolution 1673, which extended for two years the mandate of the Committee 1540 (until 27 April 2008)<sup>51</sup>. This resolution created more favorable conditions for further activation of the efforts of individual states and the entire international community for the implementation of the objectives of Resolution 1540.

Acting under Chapter VII of the UN Charter the Council emphasized the importance for all states to implement Resolution 1540 and called upon all states that had not yet presented a first report on steps they had taken to implement it to submit such a report to the Committee 1540 without delay. All states that have submitted such reports are encouraged to provide additional information on their implementation of Resolution 1540. The UNSC decided that the Committee 1540 should intensify its efforts to promote the full implementation by all states of Resolution 1540 through an appropriate work program, which shall include the compilation of information on the status of states's implementation of all aspects of Resolution 1540. In particular, the Council encouraged the pursuit of the ongoing dialogue between the 1540 Committee and states on the full implementation of Resolution 1540, including on further actions needed from states to that end and on technical assistance needed and offered. The Council also invited the Committee 1540 to explore with states and international, regional and subregional organizations experience-sharing and lessons learnt in the areas covered by resolution 1540.

The UNSC Counter –Terrorism Committee, established in 2001 is mandated to play a central role in the activities directed at combating terrorist acts, including with the use of means of mass destruction<sup>52</sup>.

The role of the UNSC in deterring acts of WMD-terrorism and its ability to enforce compliance with the non-proliferation regime are to be strengthened through continuing implementation of the provisions of Resolution 1540, the regular review of the status of its compliance and the effective exchange of information on possible infringements.

Thus, the international-legal regime for combating WMD-terrorism is being formed with UNSCR 1540 and the International Con-

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<sup>51</sup> UN document S/RES/1673 (2006). 27 April 2006.

<sup>52</sup> The character and scope of the mandate of the UN Counter-Terrorism Committee contain considerable novelties opening wide opportunities for the co-operation among states in the area of combating terrorism. UN document A/57/273.

vention on the Suppression of Acts of Nuclear Terrorism as its basic components<sup>53</sup>.

On 15 July 2006 Presidents of Russia and USA at the G-8 Summit in St. Petersburg launched the Global Initiative to Combat Nuclear Terrorism to prevent nuclear terrorism and stop the spread of nuclear and radioactive materials. They called on countries to expand and accelerate efforts to account for and control nuclear and radioactive materials, prevent theft and smuggling of these materials.

The Global Initiative takes a comprehensive approach to dealing with all elements of the challenge of nuclear terrorism. Its central objective is to establish a growing network of partner nations that are committed to taking effective measures to build a layered defense-in-depth that can adapt to the changing natures of the threat. The Global Initiative provide a framework for action to mobilize the international community to accomplish the tasks of the Convention and contribute to the full implementation of the provisions of UNSCR 1540 and of other relevant UNSC decisions<sup>54</sup>. It has a potential for developing a global network of like-minded nations and strengthening international response capabilities to stop terrorist attacks with WMD and prevent terrorists from acquiring and using nuclear weapons.

### **Steps to strengthen enforcement**

2005-2006 witnessed intensive diplomatic efforts at bilateral, regional and multilateral levels to resolve controversies related to compli-

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<sup>53</sup> The Convention was worked out on Russian initiative. The Convention defined a wide range of acts of nuclear terrorism and strengthened the international framework to combat such acts. It was open for signature on 14 September 2005 in New York. As of 25 September 2006 the Convention was signed by 107 states and ratified by six states. The Convention shall enter into force on the thirtieth day following the date of the deposit of the twenty-second instrument of ratification, acceptance, approval or accession with the Secretary-General of the United Nations. The Convention has provided a legal framework that will enable international co-operation to prevent and respond to the threat of nuclear terrorism.

<sup>54</sup> Russia and USA invited other countries to discuss the details of the program and asked the IAEA to serve as an observer. On 30–31 October 2006 in Rabat the first meeting of the partners in the Global Initiative to Combat Nuclear terrorism was held. The delegates of 12 states (members of the G-8, Australia, Turkey, Kazakhstan and China) attended the meeting. The participants adopted the Declaration on Principles and a document on the implementation and assessment of the Initiative. The participating states established the Group on implementation and assessment of the Initiative. Russia and the USA have been elected co-chairmen. The documents of the meeting are designed to develop a global network of like-minded partners committed to deal with the challenge posed by nuclear terrorism.

ance with non-proliferation rules. The evidence suggests that a number of critical issues emerging in this area can not be dealt successfully without resorting to the authority of the UN Security Council. The UNSC has been more often used as the ultimate enforcer of international non-proliferation rules (a positive trend in contemporary multilateral diplomacy).

As a world centre for harmonizing actions in the attainment of non-proliferation ends, the UNSC has been active in tackling most complex tasks and above all in the settlement of international crises posed by nuclear programs of the DPRK and Iran. International consensus has been forged through the UN Security Council that North Korea's testing of a nuclear device and its related weapon activities constitutes a threat to international peace and security. Under the agreement reached on 13 February 2007 in Peking, North Korea has agreed to shut down and seal the Yongbyon nuclear reactor and a reprocessing facility in exchange for an initial aid shipments. The IAEA is to monitor and verify this shutdown.

One should note, as a positive development, closer co-ordination between the UNSC and IAEA on compliance issues.

The sanctions regimes imposed on the DPRK and Iran for defying the Council's decisions has represented critical steps towards developing effective response capabilities to manage non-compliance. They are reflective of the growing recognition of the need for vigorous enforcement of the WMD nonproliferation regime.

The UNSC has been proactive in developing the global legal regime for countering the WMD-terrorist threat.

However, its unique powers have not yet been used consistently and effectively to stem WMD proliferation. Addressing this challenge requires greater involvement of the UNSC in the anti-proliferation effort and a firm consensus on 'problem' states, on the nature of today's WMD proliferation threats, on the methods of prevention and on when the Council should authorize the use of force. It also requires more international teamwork. There is a need to develop a broader international consensus on the global non-proliferation enforcement strategy (particularly to secure a solid support of influential nations active in the Non-Aligned Movement).

Consideration of the nuclear programs of the DPRK and Iran in 2003–2006 have demonstrated that the UNSC role in enforcing non-proliferation is strongly influenced by broader political considerations involving relations between great powers themselves as well as issues, unrelated to the specific tasks of upholding the NPT regime. It has raised a question about the UNSC unity in the months ahead when it will have to display firm political resolve to manage difficult issues, including the follow-up to sanctions against North Korea and Iran. At issue will be how the UNSC resolutions are to be implemented. (Particularly, in the event if sanctions do not succeed in forcing Iranian leadership to comply with the

UNSC demands and the international community reach a final dilemma: military confrontation or an Iranian bomb).

Existing controversies complicate the elaboration of a consistent international enforcement strategy involving sanctions and use of force against proliferant states, although efforts to forge common approaches and collective decisions are visibly being intensified.

Stagnation in global disarmament and arms control is another factor complicating the achievement of a global consensus on WMD non-proliferation. It is necessary to drastically reduce mutual suspicions existing between the great powers. Nuclear deterrence and geopolitical rivalry, which are being continuously reproduced in their relations (including between the RF and USA), are hindering their teamwork in all aspects of disarmament and non-proliferation and undermining their commitments to strengthening the NPT.

The enforcement capability of the UNSC needs to be strengthened. All appropriate tools (both 'soft' and 'hard') should be made available to the UNSC to deter and manage latent and actual proliferation threats (by ensuring an effective response). It is particularly important under the present circumstances to optimize penalties for infractions and develop the capacity for taking prompt and adequate (proportional) collective action in response to suspicious activities of states and non-state entities in the nuclear field related to the WMD. In order to be able to address squarely complicated enforcement issues, the UNSC, its veto-wielding members, in particular, are required to learn to subordinate their competing selfish instincts to the tasks of strengthening their WMD non-proliferation commitments and achieve new levels of efficiency in taking and implementing council's decisions.

UNSC reform has been suggested to make it more representative of the UN membership and to increase both its effectiveness and credibility<sup>55</sup>. But the reform is at present a highly divisive issue, generating intense controversies. Consensus on reform is unlikely in the near future.

Before UN reform has made the Security Council more representative, it is essential that binding decisions should be preceded by appropriate consultations to ensure that they are supported by the membership

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<sup>55</sup> Two alternatives on the extension of the UNSC have been offered for consideration. Model 'A' provides for six new permanent seats, with no veto being created and three new two-year term non-permanent seats divided among the major regional areas. Model 'B' provides for no new permanent seats but creates a new category of four-year renewable-term seats and one new two-year (and non-renewable) seat divided among the major regional areas. Discussions in the UNO have revealed deep disagreements existing in the world community on the UNSC reform and the proposals for its enlargement. The debate has made little progress in 2005–2006 years. See: *A more secure world: Our shared responsibility*. Report of the UN Secretary-General's High-level Panel on Threats, Challenges and Change, United Nations, 2004, pp. 67, 79–83.

of the UN and will be accepted and respected. (This is one of the lessons to be drawn from the consideration of the Iranian nuclear dossier by the UNSC in the course of 2006).

Measures examined below are aimed at strengthening the central coordinating role of the UNSC in enforcing universal compliance with non-proliferation obligations and to enhancing its anti-proliferation potential.

Fruitful ideas and recommendations on the consultation process have been offered in 2006 by experts from the independent international Weapons of Mass Destruction Commission chaired by Dr Hans Blix<sup>56</sup>. The experts stress the need to develop new rules or at least practices to ensure adequate consultation between the members of the UNO that will be bound by decisions and the members of the Security Council that will take decisions. They advocate convening a World Summit on disarmament, non-proliferation and the terrorist use of WMD to discuss and decide on reforms to improve the efficiency and effectiveness of the UN disarmament machinery.

It is desirable to act expeditiously upon the recommendation on the use of force contained in the Report of the UN Secretary-General's High-level Panel on Threats, Challenges and Change, published in 2004<sup>57</sup>. Dealing with the subject of enforcement the Panel referred to the inherent right to self-defence both against an armed attack, which has already happened and an imminent attack, that is before the armed attack occurred.

The penalists favor adopting an UNSC framework resolution on this matter. Under this proposal the UNSC would address the following five basic criteria of legitimacy in considering whether to authorize the use of military force: *Seriousness of threat* (is the threatened harm of a kind and sufficiently clear and serious to justify *prima facie* the use of military force?); *Proper purpose* of the proposed action (is it clear that the primary purpose of the proposed military action is to halt or avert the threat in question?); *Last resort* (every non-military option for meeting the threat in question has been explored); *Proportional means* (the scale, duration and intensity of the proposed military action should be minimal necessary to meet the threat in question); *Balance of consequences* (there should be a reasonable chance of the military action being successful in meeting the threat in question, with the consequences of action not likely to be worse than the consequences of inaction)<sup>58</sup>.

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<sup>56</sup> The commissioners (experts from 14 countries, including from Russia) have been invited by the Chairman to serve in their personal capacity. See *Weapons of Terror. Freeing the World of Nuclear, Biological and Chemical Arms*. (Stockholm, Sweden, 2006), pp.180–183.

<sup>57</sup> See note 48.

<sup>58</sup> UN document A/ RES/60/1.

The above guidelines for authorizing the use of force provide important benchmarks for the UNSC to take advantage of in arguing about military action, should diplomacy fails to force a determined proliferant to abandon WMD ambitions. These guidelines are yet to be embodied in a UNSC resolution. The UNSC consensus on the guidelines in advance would enhance the likelihood of an effective response.

In this regard it would be also worthwhile to scrutinize closer the potential of the Military Staff Committee (MSC) of the UN Security Council. In his address to the 61st session of the UNGA on 21 September 2006 Russian minister of foreign affairs Sergei Lavrov reiterated the need to reinvigorate the MSC.

In our view, its functions should include a counter-proliferation dimension in order to extend the opportunities to strengthen the WMD non-proliferation regime through application of a broad range of enforcement measures.

The MSC could be especially useful in developing operational contacts between the UNSC and such international arrangements as the Proliferation Security Initiative and Global Initiative to Combat Nuclear Terrorism.

The MSC has a potential for assisting the implementation of specific counter-proliferation measures with military implications. It could provide professional military advice on such questions as monitoring and early detection, planning and carrying out counter-proliferation operations (for example, interdiction of suspected WMD shipments).

It is befitting to remind that the Outcome Document of the 2005 World Summit<sup>59</sup> contains a request addressed to the Security Council to consider the composition, the mandate and working methods of the MSC. However, no action on this matter has yet been taken.

The controversies around nuclear programs of North Korea and Iran added urgency to the need to adopt fresh measures to prevent states, which intend to leave the NPT without penalty after having misused the treaty membership as a political cover to ease access to nuclear dual-use technologies.

The international community should proceed from the principle, according to which any country, violating its obligations under the NPT and seeking to withdraw from it in order to acquire nuclear arms, should be treated as an international outcast.

The UNSC should adopt a framework resolution comprising measures against a state that violated the terms of the NPT while it was a party to the treaty and then decided to withdraw from it with impunity.

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<sup>59</sup> The meeting of Heads of States and Governments of the UN member states convened in New York on 14-15, September 2006 in the format of the 60th session of the UN General Assembly.

Any future deliveries of dual-use technologies related to the complete nuclear fuel cycle should be linked to the conditions about the dismantlement and return in case of the withdrawal from the NPT<sup>60</sup>.

The resolution should contain provisions on penalties for non-compliance to be imposed on the basis of a special IAEA report. The penalties ought to serve as a powerful deterrence to the North Korean withdrawal-type scenario.

Several informal multilateral mechanisms for dealing with specific WMD issues emerged outside the framework of the UNSC in 2003–2006: the Six-Party Talks on North Korean nuclear program, the Proliferation Security Initiative, the Global Initiative to Combat Nuclear Terrorism. In some way or another all international mechanisms for dealing with WMD nonproliferation issues should be brought under the UNSC umbrella and encouraged to report to the Security Council on a regular basis on their plans and activities.

As to the Security Proliferation Initiative (PSI) both formal and operational links should be established between the PSI partnership and the UN Security Council (by means of a UNSCR). Russia could initiate the elaboration of appropriate procedures in this regard.

A logical next step after the adoption of UNSCR 1540 would be to strengthen the Committee 1540 established to collect and evaluate state reports documenting their implementation of national non-proliferation legislation. The Committee should be bolstered with an executive director and a staff directorate to manage reporting. The Committee might also invite societal verification, by collecting and evaluating public source analyses of states' compliance with resolution 1540's terms, and forwarding these to the UNSC<sup>61</sup>.

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It is evident today that UNSC's failure to manage promptly, flexibly and adequately provocative violations of non-proliferation rules would lead to the perception that it is loosing its resolve and can not be considered as able to exert leverage on determined proliferators and that alternative sources of enforcement should be sought. The UNSC's inadequacy in managing proliferation risks would have fatally undermined the entire NPT-based regime and further weakened the UN system. It would be

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<sup>60</sup> *Yadernoe orujie posle kholodnoi voiny* [Nuclear Weapon after the Cold War]. Eds. Arbatov A. and Dvorkin V. (Carnegie Center, M.: 'Possiskaya politicheskaya enciklopediya', 2006), pp. 148–149.

<sup>61</sup> *Universal Compliance: A Strategy for Nuclear Security*. George Perkovich, Jessica T. Mathews, Joseph Cirincione, Rose Gottemoeller, Jon B. Wolfsthal (Carnegie Endowment for International Peace, Washington DC, 2004), pp. 64–66.

gladly seized upon by eager opponents of the world security order based on the UN Charter as a convenient excuse for legitimizing unilateral action that could result in numerous states embarking on military campaigns. If solutions are crafted that bypass the UNSC prerogatives, opportunities will be created for mischief with grave consequences for international peace and security.

Parallel to improving access to the benefits of peaceful nuclear energy of those non-nuclear-weapon states that are faithfully complying with their non-proliferation obligations, it is necessary to bolster the UNSC response capabilities to prevent the dismantling of the WMD non-proliferation regime and increase the deterrent effect of its decisions. On the one hand, such steps would substantially enhance the ability of the community of the law-abiding states to deter proliferators without taking military action. On the other, they would promote sustainable progress in the peaceful application of nuclear energy throughout the world in safe and secure conditions.

Formulating and implementing UNSC decisions on compliance challenges remain daunting tasks. Experts who care about world security should work creatively on those issues.

## 5. RUSSIA AND THE GP

Alexander PIKAYEV

The program ‘Global Partnership Against the Spread of Weapons and Materials of Mass Destruction’ (GP) was adopted at the G8 summit, which took place in Kananaskis (Canada) in June 2002.

Under the program, eight nations (Canada, Germany, Great Britain, France, Italy, Japan, Russia and the USA) undertook political obligations to provide \$20 bn in the course of 10 years for assisting Russia in nonproliferation and disarmament efforts in the area of weapons of mass destruction (WMD) and their delivery vehicles. The obligations assumed at the Kananaskis summit and after it are as follows: the United States - \$10 bn, Russia - \$2 bn, Germany – 1.5 bn Euros (\$1.95 bn), Italy - 1 bn Euros (\$1.3 bn), France - 750 mn Euros (appr. \$1 bn), Canada - (\$Can 1 bn or \$740 mn), Japan - \$200 mn.

### **Implementation of the Global Partnership Program<sup>1</sup>**

By mid-2006 – four years after the Kananaskis summit – amount of pledges made by partners in the GP reached appr \$19.5 mn. From that, the European countries except Russia promised appr \$7 bn. The number of states participating in the GP has increased from 8 to 21.

However, in practice the results are not that impressive. Approximately one fourth of the European contribution is to be explained by

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<sup>1</sup> On major directions, content and issues of the Global Partnership Program in 2002–2004 see Kobyakov, D., Orlov, V., ‘Prospects for GP after Evian’: *Russia: arms control, disarmament and international security*. IMEMO supplement to the Russian edition to the SIPRI Yearbook 2003, Moscow, IMEMO, 2004, pp. 85–91; Pikayev, A., ‘G8 Global: the innovative approach to co-operation on WMD non-proliferation’: *Russia: arms control, disarmament and international security*. IMEMO supplement to the Russian edition to the SIPRI Yearbook 2004, Moscow, IMEMO, 2005, pp. 30–37.

considerable increase of the Euro against the USD since 2002. A significant gap between the level of pledges and the volume of concluded contracts also remains.

### *Canada*

400 mn Canadian dollars are allocated to specific projects. As of mid-2006, 187 mn have been used up.

150 mn will be spent on the dismantlement of nuclear submarines. As of mid-2006, 63 mn have been used up. Canada assists in dismantling 12 decommissioned nuclear submarines in the northwest. This mission is to be accomplished within 2004–2008. By mid-2006 four nuclear subs had been dismantled with Canadian assistance. Spent fuels had been removed from 10 reactor compartments. Three more nuclear submarines are awaiting dismantlement. Over FY 2003/04 Canada also allotted 32 mn for the EPND fund to be spent on building infrastructure for the nuclear submarines dismantling and safe management of spent nuclear fuels and radioactive waste.

100 mn are to be spent on assisting the Russian chemical disarmament program. By mid-2006 70 mn have been spent. An interesting feature of the Canadian assistance program is that it is implemented within the framework of the Russian-British agreement. In other words, Canada cooperates with Russia indirectly by delivering goods and services through the British intermediary.

Canada is to provide 33 mn for constructing an 18-kilometer long railway, which will connect the CWDF in Schuchye with the outside region. In January 2005 Canada and Great Britain signed a Memorandum of Understanding, under which Canada was to provide additional assistance for the projects linked to the CWDF in Schuchye.

In October 2005 Canada announced the allocation of additional 55 mn on purchasing equipment for a second building of the CWDF in Schuchye. The funds are to be used for purchasing Russian equipment for eliminating nerve chemical agents.

Canada is also actively funding projects aimed at preventing the proliferation of WMD-related expertise. In March 2004 Canada joined the ISTC and its Board. Since then it has funded 76 projects to an amount of \$20 mn. Over 1750 former weapon scientists took part in these projects. Within the framework of the ISTC Canada also participates in several additional programs, involving cooperative projects of Canadian and Russian scientists.

A considerable portion of funds is devoted to projects related to improving nuclear and radiation safety, including the management of

weapon-grade plutonium. These funds remain frozen pending the conclusion of a multilateral agreement on plutonium disposal

### *European Union*

In 2002 the EU pledged to allocate 1 bn Euros for the GP projects. By 2006 appr 770 mn Euros (77 % of the pledged funds) have been planned to allocate on specific GP programs. 470 mn Euros were to be spent for improving safety on the nuclear facilities in Russia, Kazakhstan, Armenia and Ukraine. 237 mn have already been used up.

Program on assisting the International Science and Technology Center (ISTC) in Moscow and Science and Technology Center in Ukraine (STCU) aimed at preventing the leakage of WMD-related expertise from the former Soviet Union progresses quite successfully. 109 mn Euros from the planned 127 mn has already been used up.

The TACIS projects in the areas of border security, export control, elimination of chemical weapons and the utilization of fissile materials are being implemented rather slowly. Only slightly more than one fifth of the authorized 78 mn Euros have been used up.

It should be mentioned that a relatively positive –compared with some individual states – picture might probably camouflage quite serious problems for Moscow. Thus, in addition to the TACIS arrangement, the EU plans to spend only 58 mn Euros ( just 7 % of the planned overall funds) on critical Russian programs related to dismantling nuclear submarines and eliminating chemical weapons. Moreover, considerable part of 40 mn Euros allocated for the nuclear submarine dismantlement are to be spent indirectly through an intermediate operator – the EPND fund. Besides that, a significant amount of the fund of two major EU programs – improving nuclear safety and preventing leakage of WMD-related expertise – goes to other post-Soviet states, particularly, to Ukraine.

### *France*

Out of 750 mn Euros initially pledged by Paris, only 177 mn are planned to allocate to specific projects. Furthermore, the implementation of the largest project on the plutonium disposal (appr 70 mn Euros) is linked with the signing of a multilateral agreement in this area. The prospects of concluding such an agreement remain uncertain.

Some progress can be discerned in the implementation of the Northern Dimension project, which is estimated by France at 40 mn Euros. The elaboration of the Strategic Master Plan on the completion of the projects linked with the dismantlement of decommissioned nuclear sub-

marines in Russia's northwest has been fully implemented. The dismantlement is supported by the Environmental Partnership Fund of the Northern Dimension (EPND). In December 2005 France provided 5 mn Euros for the EPND for the initial implementation of the Master Plan projects.

France provides assistance in two areas, which enjoy priority in Russia: dismantling nuclear submarines and eliminating chemical weapons (CW). Specifically, the projects include dismantlement and utilization of nuclear Alpha-class reactors, safe storage of nuclear spent fuel and disposal of radioactive waste, as well as rehabilitation of the facilities. In 2006 delivery of equipment for ensuring nuclear safety should be completed. Two contracts in this area have been fulfilled in 2005. Radiation and engineering and studies were to be conducted in 2006. Pre-design studies were planned to start the same year.

France renders assistance to the plant on dismantling nuclear submarines, which is located in Severodvinsk (Arkhangelsk oblast). The reconstruction of the facility for burning solid radioactive waste in the Zvyozdochka plant will allow it to increase its capacity.

French companies have completed developing technical and economic design of removing spent nuclear fuel from the Lepse floating storage ship. A contract was signed in 2003; the basic documentation (report) was prepared and handed to the Russian partners in October 2005. According to the contract, which was signed under the TACIS arrangement in December 2005, the Russian partners are developing alternative technological options. The proposals should be evaluated by a group of experts for completing the work on technological decisions and cost estimates. The French side evaluates the anticipated cost at 2.5 mn Euros.

Together with Norway, France participates in the project aimed at maintaining nuclear and radiation safety in the Russian North.

In the chemical disarmament area, Paris has agreed to participate in constructing the CWDF in Schuchye. After 2007 France plans to allocate 6 mn Euros for the environmental monitoring of this facility. The relevant intergovernmental agreement was signed in February 2006. However, it is yet to be ratified. Another project in Schuchye includes equipment deliveries for the second CWDF. It is to be implemented in cooperation with Great Britain and Canada. Its implementation is to start after 2007 (the funding amounts to 6 mn Euro).

France is mostly interested in carrying out projects linked with nuclear energy. Since mid-1990s it is participating in the trilateral AIDA project (France-Germany-Russia). Preliminary work is being conducted on burning plutonium in MOX-fuel reactors. There are plans to spend 2 mn Euros for these purposes. However, the future of the project remains uncertain due to some outstanding problems of international cooperation

on plutonium disposal, which intervene with the conclusion of an AIDA-3 agreement (the previous AIDA-2 agreement expired in 2002).

France assists in improving safety in the Kalinin nuclear power plant. The overall cost of the project is estimated at 30 mn Euros, but only 1 mn Euros was allocated for its implementation.

In contrast to the majority of other GP partners, France is not providing data on actual expenses. It should be mentioned, however, that in the case of France the achieved expenditure level might be assessed as an advance. Previously, France allocated much smaller funds, and its pledge of 750 mn Euros was made later than the pledges of other G8 states.

### *Germany*

Germany is the largest Russian partner in the GP programs among European countries. The overall sum pledged in Kananaskis amounts to 1.5 bn Euro. Out of this figure 800 mn are already planned to allocate to specific projects. In October 2003 in Ekaterinburg Russia and FRG signed an agreement on cooperation in this field. According to it, 300 mn Euros will be provided in the course of 6 years for dismantling nuclear submarines in Russia's northwest. It includes the construction of a coastal facility for the long-term temporary storage of 150 reactor compartments of the submarines in the Saida Guba; submarine dismantlement and preparing their reactor compartment for temporary storage; reconstruction of the Nerpa shipyard; reconstitution of safe environment. All the facilities are located in the Murmansk oblast. By mid-2006, 150 mn Euros have been used up.

In July 2003 Russia and FRG signed an agreement on assistance in the construction of a CWDF in Kambarka. (Funding of the project amounts to 140 mn Euros). By early 2006 more than 130 mn have been used up.

Germany also renders assistance in improving the protection of nuclear materials and facilities in the 'nuclear cities', research institutes and nuclear weapons storage sites.

Germany's contribution to the GP is the most considerable among European countries not only in the amount of funding, but also in factual spending. The bulk of the funds are allotted to projects related to the dismantlement of nuclear submarines and CW destruction. The German assistance is not linked to multiple conditions, including political.

*Great Britain*

Like the EU, Great Britain plans to fund specific programs, which cover more than half of its pledge undertaken in Kananaskis. As of mid-2006, it planned to allocate appr 202 mn pounds (or appr \$400 mn) for GP programs. 112 mn pounds (appr \$210 mn) has been used up.

Projects related to nuclear submarine dismantling are under way. Almost 60 mn pounds are to be allocated for this purpose. More than 46 mn pounds have been already used up. Construction of a temporary storage of nuclear spent fuel in Atomflot plant in Murmansk has been a major project in this field. It was to be made operational by fall 2006. The deadline for the deliveries of 50 TUK-120 temporary containers was extended until 2008.

The second set of the projects is linked to improving nuclear and radiation safety in Andreyeva Guba, the former Russian Naval base, where around 20 thousand fuel rods of nuclear spent fuel is kept. In cooperation with other donor countries, the British government supposed to earmark appr 100 mn pounds for the nuclear safety activities in Andreyeva Guba.

Other projects related to nuclear submarine dismantlement include activities involving dismantling Oscar-class submarines nos. 605 and 606. 10.8 mn pounds have been used up for these purposes. Another project involves the dismantling of the Viktor-3-class nuclear submarine no. 296 at the Nerpa plant. Activities have been completed ahead of the schedule.

Assistance in the field of CW destruction has not proceeded very successfully. Great Britain planned in total to allocate for these purposes up to 70 mn pounds, but by mid-2006 only 14 mn have been used up. The main project was related to the construction of an electrical power plant for the CWDF at Schuchye, including the equipment deliveries for the plant. (The construction of the plant was completed ahead of schedule, in November 2004).

On 14 Feb. 2006 the British side signed a contract for re-equipment of the power plant within the framework of the project funded by New Zealand. In 2006 another contract was to be concluded (it involved installing an alarm system for informing population in a case of emergency on the CW storage sites to be completed in 2006). Plans included the construction of an electrical power plant and necessary infrastructure in 2007.

Norway, Czech Republic, Belgium, Sweden, the Netherlands and some other donors planned to participate in funding this project.

London participates also in the 'Nuclear Cities' project (i.e. re-training of weapon specialists). The plans include expenditure of 17.2 mn pounds.

The related GP programs are implemented within the framework of the bilateral British-Russian Memorandum.

Among other projects one should mention a nuclear safety program. (Of a total of 18 mn pounds, 13 mn have already been used up). In addition to Russia, this program is being implemented also in Lithuania, Armenia, Bulgaria, Slovakia, Romania and Ukraine.

Assisting the cessation of the production of weapon-grade plutonium Zheleznogorsk (Krasnoyarsk krai) is another large-scale project. Great Britain renders aid in constructing a thermal power plant in Sosnovoborsk. Its energy will replace electricity generated by the plutonium reactor as a by-product. Initially, it was planned to allocate 12 mn pounds for the project, but 13.5 mn have been already used up.

Great Britain is funding activities related to improving nuclear safety and material protection in the Karpov Research Physics and Chemistry Institute, Physics and Energy Institute in Obninsk, as well as in the NIKIET in Moscow. (Planned expenditures amount to 4.4 mn pounds.)

Several interesting features characterize British GP programs.

Firstly, a relatively high rate of used funds (compared to Kananaskis pledges) is explained by significant increase of the exchange rate of the UK pound vis-à-vis the USD.

Secondly, a considerable part of resources is used outside Russia. 15 mn pounds have been allotted for managing the consequences of the Chernobyl catastrophe in Ukraine. Another significant project (more than 2 mn pounds) is being implemented in Kazakhstan at the reactor in Aktau. Probably, not less than a quarter of planned British funds will be used on projects outside Russia.

Thirdly, the volume of allotted funds can be distorted by transferring the projects funded by Great Britain to intermediate operators. For instance, 10 mn pounds were transferred to the EPND fund.

### *Italy*

The bilateral agreement between Italy and Russia on assistance in the dismantlement of Russia's nuclear submarines and in safe disposal of radioactive waste and spent nuclear fuel was signed on 5 Nov. 2003. It was ratified by the Italian Parliament and entered into force on 17 Nov. 2005.

According to the agreement, Italy pledged to provide 360 mn Euros over the course of 10 years for implementing GP projects. However, in practice only 8 mn Euros has been spent so far.

Under the second Russian-Italian agreement, concluded in 2003, Rome is going to provide assistance for building a chemical weapon destruction facility (CWDF) in Pochep (Bryansk oblast) and allocate 360 mn Euros within 5 years. However, three years have passed and the agreement has not entered into force. Only one relatively modest Russian-Italian project (8 mn Euros) has been implemented. Under it, a gas pipeline has been built in Schuchye (Kurgan oblast), where under assistance from several partners in the GP, particularly, the USA, another CWDF is being built.

Another agreement on building additional gas pipeline in Schuchye, which was signed in late 2003, has been ratified. It provides the allocation of 5 mn Euros within 5 years.

Therefore, from 1 bn Euros pledged by Italy the actual agreement covers only 733 mn. In practice, less than 16 mn Euros – or 2 % of pledged funds - has been spent. It should be mentioned, however, that Rome promised that 90 % of allocated funds would be spent through Russian contractors. If the promise is kept, it would contrast positively with practice of other GP partners, who usually prefer allocate GP funds to their own companies.

### *Japan*

Tokyo pledged \$200 mn for the GP projects. In practice, only a pilot project on dismantling Viktor-3-class nuclear submarine and improving infrastructure in the Zvezda plant (Bolshoi Kamen, Primorsky krai) has so far been implemented. Slightly more than \$7 mn was authorized for its implementation, and even lesser than this amount has been spent. The project was fulfilled by the end of 2004, and one more year was required to sign a full-scale Russian-Japanese intergovernmental agreement on dismantling three Viktor-3-class, one Viktor-1-class and one – Charlie-class nuclear submarines. Negotiations on signing a practical contract on dismantling the Viktor-1-class submarine have not yet led to its conclusion, and talks on other contracts have not even started.

Agreements concluded between Tokyo and Moscow cover only a minor part of the funds pledged by Japan in Kananaskis. According to most observers, modest results of the Russian-Japanese GP cooperation may be explained by unsettled territorial dispute between the two countries.

*Norway*

In per capita terms, Norway provides Russian GP-related programs with an amount comparable with the German pledge. Between mid-2003 and mid-2006 54 mn Euros were allocated and 50 mn have been used up.

A major part of the Norwegian assistance (close to 40 mn Euros in 2003–2006) is aimed at improving nuclear and radiation safety in Russia's Northwest. The region borders Norway, and Oslo is understandably concerned over environmental problems caused by storing afloat a large amount of decommissioned nuclear submarines and the presence of a number of facilities, where dangerous radioactive substances are kept.

Dismantling of two Viktor-2-class submarines in 2004 and one Viktor-3-class submarine in 2005 had been completed. The budget of the two projects amounts to about 20 mn Euros.

The utilization of radioisotope thermoelectric generators (RITEG) constitutes another large-scale project. During its implementation 96 RITEGs have been utilized in Murmansk and Arkhangelsk oblasts. Funds have been released for the utilization and elimination of 30 more RITEGs in 2006. In addition to this, two other projects are being carried out: building up infrastructure in Andryeva Guba (6.6 mn Euros) and improving security and safety systems on Kola and Leningrad nuclear power plants (5.8 mn Euros).

*Russian Federation*

During last three years the Federal Budget has annually allocated approximately \$300 mn for purposes related to reduction of armaments and utilization of military equipment.

Russia plans to spend \$2 bn only for the implementation of two major programs – the dismantling of nuclear submarines and destruction of the CW stockpile. By June 2006 Russia used up \$1.27 bn for the purposes of the GP that is more than 60 % of funds, which were allocated for a period of ten years. This means, that Russia fulfills its part of the GP pledges ahead of schedule. Moreover, the announced plan to spend \$ 2 bn for the two mentioned programs significantly exceeds the level of the Kananaskis pledges. Only in 2002–2006 Russia planned to spend over \$1.3 bn for chemical disarmament. In addition to \$670 mn to be spent in 2002-2010 for dismantling nuclear submarines, this volume of expenditure equals to the total figure of the Russian pledge undertaken in Kananaskis (\$2 bn by 2012).

Taking into account considerable planned funding for chemical disarmament during 2006-2012, Russia will spend on the GP-related project twice as much as it pledged in Kananaskis.

Between June 2002 and June 2006 Russia has spent 40 % of \$670 mn planned for the dismantling of nuclear submarines. It contributed to the dynamic dismantling of decommissioned nuclear submarines.

As of mid-2006, 197 nuclear submarines have been decommissioned, including 120 subs in the northwest and 77 subs in the Far East. Of this figure 132 have been dismantled, including 90 in the northwest and 42 – in the Far East. The remaining 65 nuclear submarines should be dismantled by 2010.

The dismantling activities in the northwest are proceeding much faster, than in the Far East. Partly, it can be explained by the fact that in the northwest the GP projects are being carried out more successfully, while in the Far East cooperation is affected by the low level of the Russian-Japanese GP-related cooperation.

In addition to nuclear submarines, other ships are slated for dismantling. Among them: two nuclear propelled surface ships, 18 ships of nuclear technical support and 21 storage ships for liquid radioactive waste. Activities are under way to rehabilitate four former coastal support naval bases (Andreyeva Guba, Gremikha, Sysoyeva and Krashennikova bays).

Since 2002 Russia significantly increased budget allocations for chemical disarmament. In 1990s in some years the funding amounted just a few million dollars. In 2002-2006 the expenditure rose to a quarter billion dollars annually. This contributed to significant progress in implementing the chemical disarmament program. CW of category 3 (more than 330 thousand items of ammunition) and category 2 (almost 4 thousand items of chemical munitions filled with phosgene) have been completely eliminated. By April 2003 Russia has fulfilled its obligations related to the first stage of the destruction of category 1 CW. 400 tons of Iprite have been destroyed at the CWDF in Gorny (Saratov oblast). By December 2005 the remaining 1.1 thousand tons of blister agents have been eliminated.

In December 2005 work on eliminating chemical weapons started in Kambarka (Udmurt Republic). As of mid-2006, more than 245.6 tons of lewisite have been eliminated there. In mid-2006 the first CWDF started to operate in Maradykovsky (Kirov oblast). Similar facilities in Schuchye (Kurgan oblast), Leonidovka (Penza oblast), Pochep (Bryansk oblast) and Kizner (Udmurt Republic) are under construction.

Former chemical weapon production facilities (CWPF) are being dismantled or converted. Out of 24 former CWPFs 7 have been dismantled, and an additional one was to be eliminated by the end of April 2007.

12 out of 16 former CWPFs are slated for conversion. Conversion of the remaining four facilities is close to completion.

### USA

Three federal agencies – the Department of Energy (DOE), the Department of Defense (DOD) and the Department of State (DOS) – are responsible for implementing GP projects. The DOE accumulated almost half of the GP-related funds: around \$2.1 bn in 2002–2006. It supervises improving protection, control and account of nuclear materials (\$1.05 bn), cessation of weapon-grade plutonium production (\$332 mn), disposing fissile materials (\$222 mn), retraining WMD scientists for commercial activities (\$161 mn). The DOE is primarily oriented towards cooperation with Russia. Only 3.5% of the appropriated funds are aimed at fulfilling projects in other CIS countries.

Over the same period of time, Pentagon has at its disposal around \$ 1.77 bn for GP purposes. One fifth of this amount goes to CIS states other than Russia.

The largest project in Russia is related to the CW destruction (\$650 mn). In 2007 the USA plans to complete delayed construction of the CWDF in Schuchye (Kurgan oblast) and in 2008 to transfer it the Russian control. Furthermore, the US has almost completed demilitarization of former CWPF in Volgograd. At the same time, similar activities in Novocheboksarsk are behind the schedule.

In contrast, the program for the elimination of strategic nuclear delivery systems (SNDS) progresses ahead of schedule. Two Typhoon-class SSBNs are to be dismantled under this program. Dismantlement of the third Typhoon is planned for 2007. \$383 mn has been allocated for the program in 2002–2005. This considerably exceeds the initial amount of \$242 mn planned for 2002–2006.

Improving safety at nuclear weapon storage sites constitutes another big project. Although these are the most sensitive Russian facilities, implementation of the project also seems to proceed smoothly (\$264 mn should be spent on it).

In 2002–2006 appropriations to DOS for GP projects amounted to around \$630 mn. \$257 mn was allocated for funding international science and technology centers in Moscow and Kiev. The remaining funds are primarily destined for implementing projects outside Russia (\$196 mn), while only \$11.9 mn was authorized for Russia (by the end of FY 05 only \$3.8 mn have been actually used up for improving export and border control and safety at nuclear power plants).

U.S. GP-related programs are strictly limited by conditions approved by Congress. For instance, the U.S. Administration is not entitled to fund the dismantling of multi-purpose nuclear submarines, because their elimination is not required by arms control agreements (these agreements cover only SSBN). However, multi-purpose nuclear submarines represent the bulk of decommissioned Russian nuclear subs. Potentially these submarines pose the biggest environmental risk. In contrast, the European GP partners are not constrained by similar conditions.

The USA refuses to render assistance in building infrastructure facilities around CWDFs. But the infrastructure (roads, energy supply, water purification, housing, medical support, etc.) is needed for both routine operation of the CWDFs and quelling opposition of the local population, which expresses concern over the construction of potentially dangerous CWDFs. Presently, provisions for establishing the infrastructure facilities are included into agreements with European countries and Canada.

For several years the U.S. Congress froze funds for chemical disarmament in Russia linking them to other issues. This has led to a considerable increase in the cost of Russian federal program on the CW destruction. Delays in U.S. funding of the construction of the CWDF in Schuchye forced Moscow to review its CW destruction program.

Nevertheless, since the GP adoption the USA remains the largest donor of Russia and other CIS countries. Between June 2002 and September 2006 Washington authorized \$4.5 bn for the implementation of the GP programs. By the end of FY 05, \$2.34 bn had been actually used up.

### **Outstanding general issues**

Not all the funds, pledged by the donor countries as used or reach Russian recipients. For instance, in Great Britain there is a rule that not less than 80 % of the GP funds should be granted to British contractors. Many assistance programs do not include cash payments to the recipients, but are confined to the deliveries of equipment produced in donor countries. This situation lessens Russia's interest in these programs and negatively affects the implementation of cooperative projects.

Despite some accomplishments, the GP efforts are not yet commensurate with the magnitude of outstanding issues. However, it should be mentioned, that assistance from European and some other countries represents useful added value to the US commitments, although of a lesser scale.

The donors mention three major obstacles in their GP-related cooperation with Russia: taxation, liability and access. As a rule, donors re-

quire full immunity from taxation of their assistance to Russian non-proliferation and disarmament programs. Russian legislation, in principle, partially permits that. The RF Federal Assembly could also grant such exemptions in pursuance of ratification of the assistance agreements. However, the ratification procedure constitutes a drawn-out and painful process, and the donors seek to avoid this path.

Existing federal legislation contains provisions, which do not permit the donors to avoid completely taxation and customs tariffs. The regulatory regime is also complicated and involves sophisticated and time-consuming paperwork, to gain exemptions from federal taxes and tariffs.

Incorporating new GP partner-states especially, small ones, into existing bilateral agreements concluded earlier between Russia and GP states, for example, with Great Britain, has partially solved the problem related to ratification. This permits to escape many bureaucratic difficulties linked to negotiating process, as well as with taxation. However, some GP partners do not like this option and prefer direct funding of specific projects.

The direct access to facilities, related to GP projects constitutes another outstanding problem. Understandably, the donors prefer to receive the first hand data on how their taxpayers' money is spent. In their view, visiting the GP-related facilities is the best way to achieve this goal. However, many of the facilities remain secret. Foreign visitors require permission from various Russian governmental agencies. According to the existing practice, 45 days are required for reprocessing requests. For some donors this represents too long a period of time.

Immunity from civil liability is another complicated problem. Thus, in September 2003 disagreements between Russia and the USA prevented the prolongation of two important agreements: on plutonium disposal and conversion of 'nuclear cities'. The USA insisted on the exemption of U.S. GP contractors from any liability for damage, which could be inflicted as a result of fulfilling GP projects. On its part, Moscow insisted on limited liability for foreign contractors, arguing that granting full immunity might provoke foreign contractors to neglect necessary safety measures. Within the multilateral MNEPR agreement the European partners have generally accepted the principle of limited liability. The additional protocol to this agreement signed in September 2003 contains an appropriate provision to this effect. The USA refused to sign the protocol.

In 2005 during negotiations on a new plutonium disposal agreement the United States has removed some objections on liability and has accepted elements of the Russian position. However, the disagreements on the matter have not been completely overcome.

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Since the 2002 Kananaskis summit a number of countries participating in the implementation of the GP-related non-proliferation and disarmament projects have increased. However, bureaucratic difficulties, a relative lack of experience of some partners in negotiating and executing agreements, together with objective differences in priorities and difficulties in maintaining dialogue with Russia are not conducive to further progress. Accomplishments in implementing GP programs involving a number of states demonstrate that existing difficulties could be overcome.

## **6. DILEMMAS OF CONVENTIONAL ARMS CONTROL IN EUROPE**

Sergey OZNOBISHCHEV

The process of reduction and limitation of conventional armed forces in Europe, actively launched in the 1990s, has been utterly brought to a standstill in the first decade of the 21<sup>st</sup> century. Louder voices are being heard that the CFE arrangement has become obsolete.

In contrast to the current situation, the beginning of the CFE process was energetic. The negotiations started in March 1989 and already in October 1990 the negotiating parties signed the CFE Treaty. Its implementation started without delay.

The fate of the Agreement on Adaptation of the CFE Treaty (CFE-2) proved to be uneasy. It has been a new type of arrangement based primarily on “non-bloc” principles of calculations with more focused ‘national’ limits agreed as a result of continued preparations and negotiations at the Istanbul summit in November 1999.

The CFE-2 is called upon to move forward the conventional arms reduction process in Europe, following principles and concepts of the original treaty and aiming at further reductions in five categories of conventional weapons: battle tanks, armored combat vehicles (ACV), artillery systems, attack helicopters and combat aircraft. The CFE-2 offered in many respects a ‘diplomatic’ continuation of the process. Since by that time the Warsaw Pact had been disbanded, each state was to determine for itself its “national” force level, which it considered necessary to have, proceeding from its own security concepts. Such an approach predetermined insignificant factual reductions agreed by the parties to the new treaty.

As a result, in contrast to the preceding arrangement the new document reduced the armaments ceilings that is the extent of the rights of

the parties to hold arms rather than their actual numbers. Thus, total reductions of national levels of arms of NATO states (in comparison with the existing ones) will make for three categories of 'ground' arms not much more than ten thousand pieces. And, in overwhelming majority of cases, it is related to the rights, to those weapons that the states have the right to hold but actually do not hold.

It should be noted that under the CFE-1 NATO states eliminated 30 000 items of TLE and WTO states – 25 000 items.

Radical geo-political changes, which had taken place during the past twenty years, destroyed classical arms control schemes elaborated during the final stage of the Cold War period.

The jubilation of the early 1990s regarding Russian –Western partnership hindered the elaboration of arms reduction arrangements corresponding to new realities. By the end of the 1990s new threats and challenges emerged, which required urgent collective response on a world-wide scale.

### **The Istanbul arrangements: compliance controversies**

It was not the awareness of the need of further reductions shared by all the participants of the negotiations that served as a determining factor in the fortunes of the CFE Treaty but a politicized interpretation of the arrangements concerning Russian TLEs agreed in Istanbul.

Participants of the Istanbul Summit indicated that President Pyotr Luchinsky of Moldova and President Eduard Shevarnadze of Georgia had insisted on meeting President Boris Yeltsin, who attended the Summit very briefly, and succeeded in persuading him to agree to hammer out bilateral documents. Such documents were attached to the Istanbul agreements.

Paragraph 5 of the Russian-Georgian Declaration points out that during the year 2000 the parties shall finalize negotiations on the terms and procedure of the operation Russian military bases in Batumi and Akhalkalaki and on military facilities on the territory of Georgia.

It should be emphasized that the arrangement was confined to the finalization of the negotiations on the functioning of facilities, it did not contain any firm commitments with regard to the schedule related to the withdrawal of Russian TLE items from the territory of Georgia.

After the Summit Russia continued to implement its CFE obligations regarding Georgia. By the end of 2000 Russia withdrew from Georgia 375 TLE items and eliminated 134. Russia also withdrew TLEs from the repair facilities in Tbilisi and military bases in Vasiani and Goudauta.

The bases themselves were dismantled in time. Russian TLEs were reduced to the levels of the base temporary deployment: 153 battle tanks, 241 ACVs and 140 artillery pieces.

It was impossible to agree promptly on the withdrawal of Russian bases from Batumi and Akhalkalaki demanded by Georgian politicians for the reasons of practically continuous sharpening tensions between the two states.

At the same time it should be acknowledged that the Russian side set out an obviously excessive term of 13 years for the withdrawal of its military personnel and equipment<sup>1</sup>.

Defence Minister Sergei Ivanov declared ‘we shall not withdraw our forces into an open country’. After active consultations (Russian Foreign Affairs Ministry took part in them) a solution was found. It provided for the withdrawal of Russian bases from Batumi and Akhalkalaki and the transfer to Georgian side by 1 January 2006 of basic Russian military facilities, which were not a part of the bases. The preparations started in May 2005 and were to be completed by 2008<sup>2</sup>.

However, the resolution of this controversy was so much delayed that it did not bring any political payoff to Moscow.

Comparable issues emerged in the Moldova case. Similar to the Georgian situation, Russia has completed the withdrawal of its TLEs in all categories. However, our Western partners are not satisfied with it and cite the bilateral Russian-Moldavian arrangements achieved during the Istanbul Summit. Within the bilateral framework Russia promised to consider the subject of the arms stockpiled on the territory of the self-proclaimed Transdniestrian Moldavian Republic (these stockpiles had been left by the former Soviet Union).

According to the data released by the Supreme Security Council of Moldova, 42 000 items of arms and munitions were stockpiled on Moldavian territory<sup>3</sup>. In total, from 1999 Russia took out from the Transdniestrian Moldavian Republic 59 echelons of military property. 45 echelons remain to be taken out, including 35 echelons of munitions. It is also necessary to utilize (destroy) 2 500 items of munitions.

Not only organizational-technical but also political difficulties are hindering the speedy and complete withdrawal of munitions. The Transdniestrian Moldavian Republic views these stocks of munitions as “bargaining chip” in its transactions both with Moldova and Russia.

The population of the region perceives Russian military personnel (1100 servicemen) who guard the warehouses, as ‘guarantors of their security’. Vladimir Chizhov, Russian ambassador to the EU, openly ac-

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<sup>1</sup><http://www.polit.ru/news/20demands>

<sup>2</sup><http://www.wps.ru/ru/pp/military/2005/12/24.html>

<sup>3</sup><http://www.cems.md/ru/docs/news/news5.php>

knowledged it. He argued convincingly, that it would be difficult to reach agreement on the withdrawal of the remaining Russian military personnel and property in the absence of a settlement of the Transdnistrian problem<sup>4</sup>.

Despite the fact that all the procedures directly related to the Russian CFE obligations regarding Georgia and Moldova have been observed by the RF, the Western negotiators continue to argue that the above mentioned issues (indicated obliquely only in the bilateral documents) constitute an obstacle preventing ratification of the CFE Treaty.

Although formally these issues can not be just 'written off', in reality they are insignificant in the context of the CFE-2 provisions. It should be noted that in accordance the Russian–Moldova agreements, Russian military personnel is also entrusted with a peacekeeping mission in the region.

### **Third CFE Review Conference**

The Conference, held on 30 May – 2 June 2006 in Vienna, attested once more that these outstanding issues hinder the ratification of the CFE-2 by a majority of states that signed this treaty. (The CFE Treaty has been so far ratified only by 4 out of 30 states – by Belarus, Kazakhstan, Ukraine and Russia).

The USA now exercises huge influence on the stance of other Western states in regard of the CFE-2 Treaty.

Currently the American position on the CFE-2 ratification is unequivocal: Washington refuses to ratify this treaty prior to the complete withdrawal of Russian military personnel and materiel from the Transdnistrian region and Georgia.

Assistant Secretary of the State Department Paola Desatter reiterated this position, in May 2006 in Kishinev<sup>5</sup>.

Washington hardened its position focusing on Russia's non-compliance with the obligations on the complete withdrawal of its arms and military units from the territory of Moldova.

More over, NATO states and representatives of Georgia and Moldova themselves share the view that Russia continues to infringe on the Istanbul decisions and argue that compliance with the commitments on the complete withdrawal of the military personnel and arms is absolutely necessary.

At the Third CFE Review Conference in Vienna the Georgian delegation unequivocally alleged 'the infringement of the treaty provi-

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4 [http://www.tvc21.md/prn\\_news.php?id=7359&par=0](http://www.tvc21.md/prn_news.php?id=7359&par=0)

5 <http://www.regnum.ru/news/647263.html>

sions'. Referring to the data released by the Georgian Defence Ministry the delegation asserted that greater quantities of heavy armaments were detected on the territory of Abkhazia and Zkhinvali than had been granted by the CFE Treaty. It was also alleged that 'uncontrolled armament' of these areas represented a treaty infringement.

At the same time, Georgian representatives noted some progress in the implementation of the Istanbul arrangements regarding the withdrawal of the Russian military bases from the territory of Georgia, in particular, the Georgian-Russian agreement on the withdrawal of Russian bases and its schedule, signed in March 2006. Nevertheless, the Georgian delegation registered its dissatisfaction that the commitment with regard to the withdrawal of the Russian military base in Goudauta could not be considered fulfilled 'as long as even one serviceman and a single item of military equipment is left there.

The critical position of Georgia and Moldova on Russia's compliance record with the CFE was shared by members of the regional grouping GUAM, which includes, in addition to these two countries, also Ukraine and Azerbaijan. GUAM states hold the view that Russia would feel no urgency to correct "existing shortcomings" if the outstanding issues "are left aside" and the ratification process goes on. One should also mention disagreements concerning the accession of Estonia, Latvia and Lithuania to the CFE. These states became independent after the conclusion of this treaty. When these states joined NATO this issue acquired particular urgency.

Moscow demanded that these three countries also assume obligations under the CFE. After extensive discussions these states expressed readiness to accede to the CFE-2, but only after it was ratified by the states that had signed it. However, this statement failed to assuage completely concerns of Russian experts and politicians.

Initial suggestions of the RF at the Third CFE Review Conference indicated Russia's vision of the basic provisions of a joint final document and its concerns about the fact that the Agreement on Adaptation of the CFE Treaty (CFE-2) had not yet entered into force.

It is not sensible that the original CFE operates, but is not in many aspects any more applicable, while the 1999 Agreement on Adaptation of the CFE Treaty, which corresponds on the whole to the current realities, has not yet entered into force. Russian side believes viability and efficiency of the CFE Treaty has been to a considerable degree undermined and its very existence is again questioned.

Activity of the Joint Consultative Group (JCG) established to resolve controversial issues of the operation of the CFE has been practically

paralyzed due to the irreconcilable different approaches of the state parties to the questions on the JCG agenda. Naturally, the RF and NATO states hold basically different views on the causes of this contradictory situation.

The Russian side insisted that nearly all its obligations cited in the Final Act and other relevant arrangements had already been implemented (or were being implemented). In its view, the remaining commitments are not directly relevant to the CFE, and depend on the progress in the settlement of existing conflicts on the territories of some state parties. Such interpretation of the outstanding issues also differs from the positions taken by a number of other states parties.

Actually, some compliance controversies have not always been the consequence of unresolved regional conflicts. It seems, for example, that as far as Georgia is concerned some opportunities existed for speedy solution of the outstanding issues. But for a considerable time Moscow had been unwilling to deal with Ed. Shevardnadze. Besides, Russian defense establishment and some politicians were not in a hurry as they were guided by a stereotype that the presence of the military bases would help Russia to negotiate with leverage. Hence, they did not become aware of the fact that military bases on the territory of the state that actively opposes them would always serve as a source of political tensions and anxiety hindering normal relations.

Besides there is a constant danger, that any incidents involving Russian military personnel may require response on a state level, which in fact time and again happened affecting relations with Georgia.

Trying to find a way out of this impasse, the Russian side offered a solution, which would allow the CFE-2 Treaty to start to operate. It was suggested to begin the operation of the Agreement on Adaptation in full 'on a temporary basis' as early as 1 October 2006 prior to its official entry into force.

In the meantime, states parties that had not ratified yet the CFE-2 that is 26 states would set in national ratification procedures with the aim of depositing their instruments of ratification not later than the end of 2007. Under the proposal the JCG would be entrusted with the task to consider (after the entry of the CFE-2 into force) the subjects related to the implementation of the adapted Treaty and in the first place the issues connected with the accession of the new (Baltic) states.

It was a good plan but it did not suit the negotiating partners. Many of them were convinced (as was cited earlier) that once the implementation of the CFE-2 started it would not be easy to persuade Russia to proceed with resolving the remaining outstanding issues.

During the conference the Russian delegation reminded its counterparts that the military personnel remaining in Moldova performed peacekeeping functions and in addition guarded the warehouses contain-

ing munitions. Russia's peacekeeping duties were also mentioned in connection with the former Russian military base in Goudauta on the territory of Abkhazia involving the use of this infrastructure in the interests of the CIS Collective Peacekeeping Force. Despite the existing arrangements Georgian side does not assist its tasks.

Russian representatives continued to argue that the RF had complied fully with its commitments under the CFE.

During the debate at the Conference Germany tried to bring together the positions of Moscow and Western states and ease the link between the ratification procedure and Russia's "absolute" compliance with the commitments mentioned above.

However, the majority of the European states supported by the USA vigorously opposed such attempts. Former Russian WTO allies seeking to gain 'additional points' on their way to NATO and EU, proved particular obstinate.

As a result, the USA and other NATO states managed to preserve the mentioned 'linkage'. A settlement by compromise has not been achieved.

The results of the Vienna Conference and the prospects of conventional force reductions in Europe are not bright. Moscow failed to persuade its negotiating partners that current disagreements should not delay the CFE-2 ratification process.

Therefore the Russian side made a few rather bitter statements on the results of the Conference.

At the concluding session Russian delegation made it clear that the review of the operation of the Treaty had vividly demonstrated its detachment from the reality. The Treaty has ceased to exert a positive impact on the military-political situation in Europe. Moreover, the statement went on, the Treaty no longer reflected the balance of interests of the state parties.

Moscow noted the 'consolidated' negative position of NATO states and their unwillingness to proceed with ratification of the Agreement on Adaptation.

Currently Russia alone has to face a common stance of the states of the Atlantic Alliance, including former WTO states, on a number of issues of European security.

Russian document on the CFE Review Conference includes a number of statements on key outstanding questions, on which positions of the parties differ. NATO states are accused of exceeding the ceilings of the CFE.

The statements contain transparent warnings about the relevance of Russian political commitments undertaken in 1999, involving restraint in the Northwest. It is argued that these commitments have lost their rele-

vance to a considerable degree both from the military and political perspectives under the conditions of complete uncertainty with regard to the accession of the Baltic States to the CFE after their inclusion in NATO.

Russia expressed its strong disagreement with the assertion that a package settlement had been reached in Istanbul to proceed with the ratification of the adapted CFE only after the implementation by Russia of all the so-called Istanbul commitments.

The Third CFE Review Conference brought to public light serious dissension on the issues of arms reduction in Europe and testified to the extension of disagreement between Russia and the West. The official communication on the results of the Conference put the blame for its failure on NATO and the GUAM countries, indicating that their actions did not allow the Conference to adopt a final document<sup>6</sup>.

The official Russian assessment of the conference results contains a sufficiently transparent hint: Russia will draw conclusions with regard to its further course in relation to the implementation of the Treaty currently in force<sup>7</sup>.

Character of the debates at the Conference, its outcome, as well as the content of official documents and even their phraseology are in many ways reminiscent of Cold War.

## Looking ahead

The 'skiddings' with the implementation of some provisions of the CFE Treaty has happened earlier, too. During the 1990s on a number of occasions, Russian politicians and diplomats raised issues involving review or removal of flank limits for the RF. It was dictated by the evolving situation in the Northern Caucasus, above all in Chechnya. Expansion of the scale and intensity of the military action acquired greater number of the military equipment limited by the CFE.

Under the CFE-2 regime Russia got an option to station 2140 armored combat vehicles (ACV) in its regular forces, that is four times more than under the CFE-1, in the so called 'modified' flank zone, including Chechnya. Besides, Russia reserved the right on the so-called additional temporary deployment (153 tanks and 140 artillery pieces).

Russian demands were met after prolonged argument with the West. At that time the USA attached higher priority to its partnership with

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<sup>6</sup><http://www.mid.ru/ns-dvbr.nsf/6786f16f9aa1fc72432569ea0036120e/432569d800226387c3257184004b0b87?OpenDocument>.

<sup>7</sup> Ibid.

Moscow and helped to reach accommodation. Now the situation is different.

American-Russian partnership is questioned. Russia can no longer count on an American “intermediary” role. Debates in Vienna confirmed this once again.

It is appropriate to note that from a national security perspective the CFE-2 stands up to most captious criticism. Under the Treaty Russian ceilings in conventional armaments remain within the frameworks of the initial limits of the CFE-1. They correspond to the following levels: 6350 battle tanks; 11 280 ACVs; 6315 artillery pieces and 855 attack helicopters. This means that in fact Russia is not obliged to make any reductions at all.

The traditional (‘old time’) approach to the task of the maintenance of national security of a state (viewed as a completely independent entity) would put down this factor as ‘an asset’ of the CFE-2. However, while speculating about collective security in Europe one should not forget that the Cold War was terminated a long time ago and both Russia and the West agreed to build up partnership relationship.

There is obvious discrepancy between the declared partnership course and excess armaments stored on the European continent. Russian documents cite the following figures: As of 1 January 2006 NATO states possessed 6638 tanks, 6129 ACVs, 7872 artillery pieces.

What are the goals, which make it necessary for Russia and Western countries to keep dozens of thousand pieces of armed combat vehicles and artillery on European territory. One can not justify these levels of armaments by any considerations of combating mass terrorism. Terrorists will never make up armies and launch frontal attack against European civilization. Europe will not need an armored armada to counter terrorist challenge.

Is not the existing situation a symptom suggesting that both leaders of NATO and Russia still do not trust each other, are afraid to abandon excess armaments? They retain them in anticipation of the worst case contingency, that is the return to adversary relationship.

The RF perceives NATO’s expansion as a clear threat, whereas NATO takes the view that this process is not directed against Russia.

One can confidently argue that obstacles hindering the CFE-2 ratification would have already been surmounted under different conditions of political interaction between Russia and Western countries.

Currently, Russia could have succeeded in pushing forward the CFE-2 ratification process, by presenting its initiatives at the highest level as a part of a convincing package involving a broad range of arrangements. The RF, for example, could undertake commitments with regard to

gas supplies to Europe at predictable prices and put forward a number of suggestions including the prompt ratification of the CFE-2.

If the compromise solution is not found promptly, then the CFE-2 problem will most likely be postponed until after presidential elections in Russia.

It is obvious, that outstanding issues involving reductions of conventional forces in Europe are fraught with serious risks. On the one hand, the current situation hinders any attempts at further arrangements on limitation and reduction of conventional armaments. On the other hand, it serves as a rationale for mutual allegations of non-compliance with the existing arrangements. Other directions of the now stalled arms reduction process are also negatively affected.

If Moscow decides to suspend the CFE limitations and renounce its earlier unilateral commitments to this regard it would provoke serious increase in tensions between Russia and the West. The prompt ratification of the CFE-2 would help to grapple with such risk.

Energetic efforts should be made by both sides to preserve and strengthen positive accomplishments achieved in the early 1990s. Otherwise the fabric of fragile partnership and good neighborly relations between Russia and the West may start to disintegrate rapidly and the Euro-Atlantic region will slide to 'a cold peace'.

## 7. DISCUSSIONS AT THE IMEMO

Vadim VLADIMIROV

### **Account of the presentation of the Russian edition of the SIPRI Yearbook 2005**

The Presentation was held on 26 May 2006 at the Institute of the World Economy and International relations of the Russian Academy of Sciences. Representatives of the academic community, federal governmental agencies, mass media, as well as the diplomatic corps attended the meeting.

In his welcome address **Vladimir Baranovsky**, Deputy Director of IMEMO, reviewed the history of the joint IMEMO – SIPRI project describing in detail the latest Russian edition of the SIPRI Yearbook. He paid special attention to the Supplement to the SIPRI Yearbook 2005, which contained the results of IMEMO research and included expert analyses, prognoses and documentation on key issues of disarmament and international security that were (and still are) of particular relevance to Russia. These analyses have been translated into English and published in a separate volume to reach out to the foreign scholars and broader public who might wish to acquaint themselves with research originating from Russia.

Describing the structure of the Yearbook, **Alexander Pikayev**, the scientific editor of the Russian edition of the SIPRI Yearbook, focused on the chapter devoted to the Larger Near East and the risks to international security. He also highlighted the problems arising from the lack of parliamentary control over the use of force, including operations conducted in the framework of peacekeeping missions. **Pikayev** underlined the importance of Libya's abandoning NBC weapons and ballistic mis-

siles as the only state in the region that voluntarily dismantled its dangerous WMD programs.

### **Seminar on nuclear disarmament and nonproliferation**

The seminar was held within the framework of the SIPRI Yearbook presentation. A key address on the subject “Atoms for Peace and War: SIPRI and the Challenge of Nuclear Disarmament and Non-Proliferation” was delivered by **Dr Ian Anthony**<sup>1</sup>.

The very first SIPRI Yearbook paid special attention to the nuclear dangers of the late 1960s and above all to the massive nuclear confrontation between the USA and the Soviet Union and between NATO and the Warsaw Pact. The authors of the Yearbook warned of the risks when the East-west arms race seemed to be breaking out into new areas.

In the opinion of the speaker, in the middle of the 1990s the general tendency appeared to be towards deep reductions in the main nuclear weapon arsenals achieved in a predictable and co-operative manner under full monitoring and supervision.

In the decade after 1995s SIPRI has been obliged to point out that the momentum generated by nuclear arms control has been lost. The latest U.S.-Russian agreement on strategic nuclear arms, the 2002 Strategic Offensive Reductions Treaty (SORT) lacks detailed verification and monitoring provisions.

The USA set the precedent of withdrawal from nuclear arms control treaties by leaving the 1972 Anti-Ballistic Missiles Treaty on the Limitation of Anti-Ballistic Missiles (ABM Treaty) in order to build defenses against all classes and all ranges of ballistic missiles. As we know, many nuclear weapons with lower than intercontinental range have never been brought under arms control. We should be concerned that the entry into force of the Comprehensive Test Ban Treaty is being held up by a number of states that refuse to ratify it, above all by the USA.

At the moment discussions are dominated by the issue of nuclear proliferation, which has been an increasing part of the overall nuclear threat since India and Pakistan came into the open with their nuclear weapons programs in 1998 and which is now linked especially with the stories of Iraq, Iran and North Korea and the international debates over handling those cases. The fact is that there are three equally important parts of the nuclear challenge for the 21<sup>st</sup> century: the weapons of the existing eight nuclear powers (including Israel); the risks of present and future proliferation; and the risks of such deadly materials and technologies

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<sup>1</sup> The address was based on a paper jointly written by Alyson J. K. Bailes, SIPRI's Director and Ian Anthony.

getting into the hands of terrorists, or other criminal and dangerous non-state actors. There is a risk now of de-dramatizing nuclear weapons, of making them just a tool like any other forgetting their exceptionally horrifying and inhuman features.

As long as some states seem to be acting on the basis that nuclear weapons are not only acceptable but also essential, the harder it is to persuade everyone else that they are unacceptable and useless.

There is no authoritative global inventory of nuclear weapons, but SIPRI believes that there are about 12 300 operational weapons around the world, and thousands of these on such high alert that they could be launched within minutes. If all spare warheads and weapons kept in some kind of storage are taken into account, the global total is estimated to be some 27 000 warheads.

Nuclear warheads became smaller and more precise. One reason why states might rely more on nuclear weapons is that there simply more security threats out there. Nuclear weapons have been given a new core mission in strategic planning: namely, to deter or respond to attacks by a non-nuclear weapon state armed with chemical or biological weapons. Nuclear weapons could be used to deter or to respond to threats or acts of mass impact terrorism.

SIPRI has recently proposed the establishment of a Nuclear Armament Consultative Group (NACG) consisting initially of the five recognized nuclear weapon states as well as three de facto nuclear weapons states India, Pakistan and Israel. The NACG would serve as a forum for a structured, focused and ongoing dialogue on both political and technical issues related to nuclear doctrine and force modernization. Exchanges of information within the NACG would likely begin slowly, with a general exchange of views and gradually proceeding to more technical discussions as mutual confidence increases over time. This could serve as a modest but important and feasible step toward building a comprehensive nuclear transparency regime.

Eight countries have recently in one way or another been denuclearized. An objected observer looking at these facts would not agree with the often-repeated statement that the proliferation threat is getting out of control.

On the other hand, it is quite easy to understand the objective and historically determined reasons why the prospect of new nuclear powers should cause such concern just now.

The International Atomic Energy Agency (IAEA) has been in the vanguard of the effort to increase nuclear transparency worldwide through a combination of enhanced legal authority, greater requirements for disclosure by states with nuclear programs and a stronger emphasis on using existing authority (such as the right to conduct special inspections and the

right of access to the UN Security Council). Achieving this greater transparency by strengthening the nuclear safeguards system depends practically on the process of concluding and bringing into force additional protocols to the safeguards agreements between IAEA and its member states based on the Model Additional Protocol agreed in 1997. Using their diplomatic means as well as their technical and material resources to help the IAEA extend the coverage of the additional protocol should be a high priority for states concerned about nuclear proliferation.

We must expect a sustained and worldwide increase in the demand for civilian nuclear power. Under these circumstances the size of the global nuclear complex will grow, and sensitive parts of the nuclear fuel cycle might appear in greater numbers and in more locations. In this perspective, one obvious line to explore is to see whether the world may be able to develop more 'proliferation-resistant' nuclear technologies. One of the options being looked at is to use nuclear research methods, fuel cycles and methods of energy extraction that minimize the production of the materials most appropriate for use in weapons. A remedy that could be combined with these technical modifications is to change the commercial organization and ownership structures of the nuclear power industry.

In SIPRI's view a system of trade controls with broader participation in the ownership and management of the system, and where private business would be brought in as a conscious and active partner would be better tuned to the political and commercial environment expected in the not too distant future.

It should be clear that the need for the world to maintain a united front and united standards is even more relevant as regards the danger of nuclear technologies leaking into terrorist hands. A step towards recognizing this reality was taken by the UN Security Council when in April 2004 it passed its Resolution 1540. This resolution makes it responsibility for every state to introduce criminal penalties against companies or individuals that illegally possess or try to trade in WMD. It might one day provide the basis for building a more universal system of export controls and trade controls.

**Rose Gottemoeller**, Director of the Moscow Carnegie Center, stressed a special importance of the problems raised in the key address and in particular those related to nuclear security and non-proliferation, focusing on the need to improve the exchange of information in the nuclear field among a wider group of nations. Discussions involving five recognized nuclear powers and three de facto nuclear weapons states may become an important step toward "making an inventory" of nuclear arsenals and their reductions in future.

In her opinion, effective solutions in the area of nuclear disarmament can be secured only through joint efforts of state and non-state actors.

Approving SIPRI proposition on the establishment of a Nuclear Armament Consultative Group, **R. Gottemoeller** noted that in the multi-lateral format nuclear issues should be discussed not only with the participation of the nuclear weapons states but also with all other interested parties. Considering the START as the material basis for the reduction of the nuclear arsenals of the USA and RF, she favored the modification of this treat through strengthened monitoring measures, in particular, in relation to strategic nuclear warheads. In her view it is high time to implement concrete measures in this area.

With regard to reductions of the strategic nuclear warheads **R. Gottemoeller** argued that it was necessary to cut strategic nuclear forces of the USA and the RF to the level of approximately 1000 warheads for each side and to move later on to the reduction of non-strategic nuclear warheads to roughly the same levels. She paid considerable attention to the problem of modernization of the nuclear arsenals and the need to drastically reduce the number of warheads (by 50 %).

**Alexei Arbatov**, Director of the IMEMO Center for International Security, dwelled in detail on the Iranian nuclear program and in particular on Russia's attitude to it.

He highlighted several key points. Undoubtedly, nobody in Russia is interested in Iran becoming a possessor of nuclear arms or creating a complete nuclear fuel industrial complex. But would Russia be prepared to sacrifice its substantial interests to attain these objectives? It should be noted that Russian –Iranian relations involve many other factors in addition to the nuclear one. Russian interests in Iran are broad and varied.

Iran is one of the major buyers of Russian civil nuclear technologies and materials, as well as of military materiel and arms. Being a key geopolitical partner of the Russian Federation, Iran is viewed as a counterbalance to the influence of Turkey, the USA, vakhabism in the Southern and Northern Caucasus, and Central Asia. Iran occupies the fourth place on the world petroleum reserves, and the second –on gas reserves. Russian business is eager to take part in developing Iranian oil and gas reserves.

It is most likely that the majority of the Russian elite would not support the use of force to prevent Iran's obtaining nuclear capability. The Russian stance reflects not only the specific character of the Iranian nuclear program, but also the complexity of Russia's position in the world multipolar system and its relations with the USA, the West, Iran, China and the Islamic community.

In Arbatov's view, a possibility exists to achieve a compromise solution of the Iranian nuclear controversy. Iran would preserve its experimental enrichment facility (based on the first generation of the centrifuges) on the understanding that it agrees to develop co-operation with the IAEA to resolve outstanding issues and not to extend enrichment activities.

In the foreseeable future Iran would be allowed to avail itself of the fuel nuclear cycle capability on the basis of the accommodation with the IAEA.

In resolving the Iranian nuclear problem much would depend on the policies of the USA. Washington ought to change its course in the region, in particular with regard to the presence of the American forces in Iraq, which increases the U.S. vulnerability. Washington ought also to review its policies toward Russia and China, which hinders effective co-operation on the Iranian nuclear dossier, and reconsider its stance on the implementation of the Art. 6 of the NPT.

**Vladimir Nazarov**, Assistant Secretary to the Security Council of the Russian Federation noted the need to focus on the political assessment of the intentions of states, in particular of the so-called "problem states". He stressed that Moscow could not exclude the introduction of sanctions against Iran, since non-proliferation constituted a major principle of Russian policy.

Russia is not interested in any state and, in particular, a neighboring Iran acquires a nuclear weapon capability. However, it is necessary give a chance to the diplomatic process. Leading powers should set an example of compliance with principles of the international law and, in particular, those related to non-use of military force. They should be proactive in the area of regulation and reduction of armaments. This problem has been wrongly pushed in the background. The following steps may have a positive impact: prohibition of nuclear testing, renunciation of the first use of nuclear weapons; commitment not to use such weapons against non-nuclear states and confidence-building measures in the area of BMD.

The discussion has covered a broad range of issues, including nuclear ambitions of North Korea, future of the START-1, SIPRI proposition on the establishment of the Consultative Group on Nuclear disarmament, the U.S. policies in the Near East.

## **PART II. EXPERT INSIGHTS**

8. The 2007 Russian defense budget and trends in military policy
9. Is the Army reform over? (Analysis of MOD publications)

## 8. The 2007 RUSSIAN DEFENSE BUDGET AND TRENDS IN MILITARY POLICY

Alexei ARBATOV and Pyotr ROMASHKIN

### Resource allocation for defense needs

2.8 % of GDP represents a sufficient and stable level of military spending, which the new governing class, by unspoken consensus, is ready to assign for defense (in addition to law enforcement and security, which make up another 2.4 %) in the absence of a clear external military threat, within the current Russian budgetary-economic system—and under the completely closed defense decision-making mechanism.

On 6 August 2006 the Government submitted the draft Federal Budget for 2007 to the State Duma (SD). The SD passed the Federal Law ‘On the Federal Budget for 2007’ on 24 November 2006. It was approved by the Federation Council of the Federal Assembly on 8 December 2006 and signed by the President of the Russian Federation on 19 December 2006. The Law entered into force on 1 January 2007<sup>1</sup>.

The structure of the 2007 Federal Budget is the same as it was in 2005–2006. There are eleven chapters: ‘General Government’, ‘National Defense’, ‘National Security and Law Enforcement’, ‘National Economy’, ‘Housing and Communal Services’, ‘Environment Protection’, ‘Education’, ‘Culture, Cinema Industry and Mass Media’, ‘Healthcare and Sport’, ‘Social Services’, ‘Inter-Budget Transfers’.

The main targets of the 2007 Budget are the following:

GDP	– 31 220 bn roubles;
Revenue	– 6965.3 bn roubles;
Expenditure	– 5463.5 bn roubles;
Surplus	– 1501.8 bn roubles.

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<sup>1</sup> The source: *Rossiiskaya Gazeta*, 23 December 2006, pp. 35–38.

Table 1 compares the funding breakdown of the 2006 Federal Budget and the 2007 Federal Budget.

Table 1. Budget expenditures in 2006 and 2007

Budget chapters	2006 mn roubles	2007 mn roubles	2007/ 2006 %%
Total	4 270 114.7	5 463 479.9	127.9
General Government	638 885.6	821 349.5	126.7
National Defense	666 026.6	821 171.9	123.3
National Security and Law Enforcement	541 634.6	664 812.0	123.1
National Economy	339 334.0	495 877.3	146.4
Housing and Communal Services	38 883.2	49 851.1	128.3
Environment Protection	6334.3	7846.5	123.8
Education	201 588.7	278 468.4	135.0
Culture, Cinema Industry and Mass Media	51 248.1	65 109.7	129.0
Healthcare and Sport	149 098.7	206 151.7	138.2
Social Services	205 253.3	210 945.6	102.7
Inter-budget Transfers	1 431 827.8	1 841 896.2	129.0

According to Table 1 the total budget expenditures in 2007 will rise to a lesser extent than in 2006. 'Housing and Communal Services', 'Healthcare and Sport' and 'Inter-budget Transfers' budget chapters will be the most affected by this reduction. But 'Social Services' has registered the smallest increase in expenditure for 2007. In fact expenditure on this chapter will even diminish if inflation is taken into account. On the other hand, the scale of expenditure increase on 'National Defense' will be just slightly less than in 2006. 'Education' will get the largest increase of expenditure among all budget chapters in 2007 as compared to 2006.

#### *Expenditure on 'National Defense'*

For 2007 this budget chapter has the same eight sections as it had in 2006: 'The Armed Forces of the Russian Federation'; 'Mobilization Training and Reserve Forces Training'; 'Mobilization Readiness of the

Economy'; 'Collective Security and Peacekeeping Operations'; 'Nuclear Weapons'; 'International Obligations on Military-Technical Co-operation'; 'Applied Defense R&D'; 'Other Defense Expenditure'.

According to the 2007 Federal Budget, expenditure on 'National Defense' will rise by 23.3 percent to 821 171.9 mn roubles but the share of this chapter in total budget expenditures will go down to 15.03 % (15.6 % in 2006). Accordingly a share of expenditure on 'National Defense' in the country's GDP in 2007 will drop to 2.63 % (2.74 % in 2006).

**Table 2. Expenditures on 'National Defense'**

Chapter, Sections	№№	2006 mn roubles	2007 mn roubles	2007/ 2006 %%	2006/ 2005 %%
National Defense	02	666 026.6	821 171.9	123.3	125.8
The Armed Forces of the RF	02 01	497 771.2	593 853.0	119.3	129.6
Mobilization Training and Reserve Forces Training	02 02	5181.3	5900.5	113.9	273.3
Mobilization Readiness of the Economy	02 03	3500.0	3500.0	100.0	100.0
Collective Security and Peacekeeping Operations	02 04	98.3	78.0	79.3	160.9
Nuclear Weapons	02 05	11 429.6	12 098.5	105.8	131.5
International Obligations on Military-Technical Co-operation	02 06	6083.2	6039.0	99.3	97.6
Applied Defense R&D	02 07	92 917.9	120 464.4	129.7	114.4
Other Defense Expenditure	02 08	49 045.2	79 237.5	161.5	113.1

Table 2 shows that the fastest expenditure increases are destined for sections 'Other Defense Expenditure' and 'Applied Defense R&D' (in-

stead of ‘Mobilization Training and Reserve Forces Training’ and ‘Collective Security and Peacekeeping Operations’ in 2006).

*Section 02 01 ‘The Armed Forces of the RF’*

This section includes expenditure on the day-to-day duty of the Armed Forces (pay for military personnel and wages and salaries for civilian personnel; expenditure on food and material supply for military personnel; special fuels and lubricants; transportation and communications; communal services); purchasing and maintenance of armament and military equipment; and special federal programs related to the National Defense.

Section ‘The Armed Forces of the RF’ reflects expenditure on all parts of the Armed Forces – the Army, Navy, Anti-aircraft and Anti-missiles defenses, Railroads and other military formations.

On the other hand, this section does not include expenditure on related social services such as education, healthcare and cultural institutions existing within the RAF.

The section accumulates the bulk of budget outlays in the chapter ‘National Defense’ –72.3 % (74.9 % in 2006) or 593.9 bn roubles. The share of disclosed spending in this section amounts to 62.3 % (66.7 % in 2006) or 370.3 bn roubles. Non-disclosed funding (223.6 bn roubles or 33.3 % as compared to 34.0 % in 2006) is mainly destined for purchasing and maintenance of armament and military equipment. Taking into account these figures it is fair to say that the level of transparency of expenditure in this section has decreased. Expenditure on purchasing and maintenance of armament and military equipment is practically not disclosed at all.

Item ‘Military formations (organs and units)’ is the biggest in section 02-01: – 213.3 bn roubles or 57.7 % of all disclosed expenditure in this section (83.9 % in 2006). The bulk of this sum is assigned to the pay for military personnel: 57.5 % or 122.7 bn roubles (107.1 bn roubles in 2006). These figures include the pay for personnel who are currently on duty at research institutions, but excludes the pay for personnel employed in education, healthcare and culture institutions as well as the pay for personnel working under contracts in federal state unitary enterprises (a source for their wages and salaries is derived from payments fixed by contracts).

Expenditure on material supply for military personnel is to reach 8.2 bn roubles (8.6 bn roubles in 2006, - 4.3 %).

Expenditure on food supply for military personnel will increase to 23.2 bn roubles (22.0 bn roubles in 2006, +5.3 percent).

17.0 bn roubles will be spent on combat training, mainly (16.1 bn roubles) on purchasing and storage of special fuels and lubricants.

Expenditure on ‘Material and technical supply’ will rise to 93.8 bn roubles (25.3 % of all disclosed expenditure in the section ‘The Armed Forces of the Russian Federation’) as compared to 85.2 bn roubles (27 %) in 2006.

#### *Sections 02 03 – 02 08*

Expenditure on section 02 03 ‘Mobilization Readiness of the Economy’ is kept at the 2006 level and is to be spread among various federal executive authorities for various purposes of mobilization readiness, including maintaining of mobilization capacities and reserves.

Expenditure on section 02 04 ‘Collective Security and Peacekeeping Operations’ has been reduced to 78 mn roubles (- 20.7 %).

Section 02 05 ‘Nuclear Weapons’ includes expenditure of the Federal Agency for Nuclear Energy (Rosatom) on research, design and production of nuclear devices, measures to secure safety of the production of special materials and parts of final products. Expenditure in this section increases to 12.1 bn roubles (+ 5.8 %).

Section 02 06 ‘International Obligations on Military-Technical Cooperation’ will get slightly less funding than in 2006, – 6.0 bn roubles (- 0.7 %).

Expenditure on ‘Applied Defense R&D’ (section 02 07) is scheduled to increase by 15.3 % as compared to 2006. It includes mainly (91.7 %) outlays for the realization of R&D as part of the Federal program of arms development. In addition, some money will be spent on special federal programs:

- ‘Destruction of chemical weapons stockpiles in the Russian Federation’;
- ‘Industrial utilization of ammunitions and military equipment, 2005-2010’;
- ‘Global Navigation System’;
- ‘Restructuring of stockpiles of rockets, devices and explosives, improvement of storage facilities, making their exploitation fire- and explosion-proof, 2005–2010’.

Additional funding is also destined for the implementation of international agreements and for special research activities, including the utilization of armaments and military equipment.

In section 02 08 ‘Other Defense Expenditure’ more than 90 % of expenditure will be assigned to special federal programs (mainly construction expenses):

- ‘Destruction of chemical weapons stockpiles in the Russian Federation’;
- ‘Industrial utilization of ammunitions and military equipment, 2005–2010’;
- ‘Restructuring of stockpiles of rockets, devices and explosives, improvement of their storage facilities, making their exploitation fire- and explosion-proof, 2005–2010’;
- ‘National technology base’;
- ‘Establishment of bases for the Black Sea Fleet in the territory of the Russian Federation in 2005–2020’.

Expenditure on ‘National Defense’ is divided into two parts: disclosed funding – 446.4 bn roubles and non-disclosed funding – 374.9 bn roubles. This means that the level of transparency of military expenditure in the RF has gone down from 62 % in 2004, 57 % in 2005, and 56 % in 2006 to 54 % in 2007. This trend is due to the rising share of non-disclosed expenditure on armament and military equipment in overall defense outlays at the expense of the current defense outlays. The Ministry of Defense receives most of disclosed expenditure (404.9 bn roubles or more than 90 %) in the chapter ‘National Defense’.

Table 3 Disclosed expenditure in chapter 02 ‘National Defense’

NN	Sections/items	Expenditure /thousand roubles/	Rate of transparency (%)
02 01	The Armed Forces of the RF	370 305 761.1	62.4
02010010000	Administration and Management	4 105 261.8	
02011000000	Federal special programs	28 084 779.0	
02011050000	Combat readiness of military units to be equipped with enlisted (contracted) personnel	7 569 470.0	
02012000000	Combat training	17 928 151.5	
02012010000	Material and technical supply	93 764 072.6	
02012020000	Military formations (organs and units)	213 603 189.4	
02012070000	Military commissariats	602 436.8	
02012120000	Accumulated-mortgage system to improve housing for military personnel	5 529 000.0	

02 02	Mobilization Training and Reserve Forces Training	5 900 457.4	100.0
02022070000	Military commissariats	3 675 724.5	
02022080000	Mobilization and reserve training	2 224 732.9	
02 06	International Obligations on Military-Technical Cooperation	3 289 000.0	54.4
02062110000	Military-Technical Cooperation	3 289 000.0	
02 07	Applied Defense R&D	7 762 387.5	6.4
02070810000	Applied R&D	5 895 558.2	
02071000000	Federal Special Programs	1 825 621.1	
02071020000	Non-program Capital Investments	35 500.0	
02072140000	State Administration of National Defense	5708.2	
02 08	Other Defense Expenditure	59 145 385.0	74.6
02080010000	Administration and Management	545 134.1	
02081000000	Federal Special Programs	32 069 715.2	
02081020000	Non-program Capital Investments	1 866 800.0	
02082010000	Material and Technical Supply	121 573.5	
02082020000	Military Formations (Organs and Units)	846 056.7	
02082080000	Mobilization and Reserve Training	2544.8	
02082130000	Utilization and Destruction of Weapons	1 154 500.0	
02082140000	State Administration of National Defense	5 346 160.7	

As can be seen from table 3 in section 02 01 'The Armed Forces of the RF' 37.6 % of expenditure is not disclosed. It mainly consists of purchasing and maintenance of arms and military equipment.

In section 02 02 'Mobilization Training and Reserve Forces Training' all outlays are fully disclosed.

On the contrary, funding breakdowns in sections 02 03 ('Mobilization Readiness of Economy), 02 04 ('Collective Security and Peacekeeping Operations') and 02 05 ('Nuclear Weapons') are not revealed at all.

In section 02 06 'International Obligations on Military-Technical Co-operation' 54.4 % of expenditure is disclosed.

In section 02 07 ('Applied Defense R&D') only 6.4 % of expenditure is disclosed. It means that most of military research is kept secret to the general public.

To sum up we may say that the expenditure data on purchasing and maintenance of arms and military equipment, and on defense R&D re-

mains closed to the general public, as it has been previously. In addition there is no opened specific information on expenditure in three sections of the budget chapter ‘National Defense’.

In 1994–2003 opposition factions in the State Duma managed to force the Government to disclose expenditure data at least on some items, which were closed to the public.

### *Funding defense expenditure from other chapters of the Federal Budget*

Chapter 01 ‘General Government’ - 0.85 bn roubles will go to some agencies, which coordinate activities of the Commonwealth of Independent States.

Chapter 05 ‘Housing and Communal services’ - 11.4 bn roubles are to be used for housing construction for military servicemen.

Under Chapter 07 ‘Education’ the MOD will get 30.1 bn roubles

Chapter 08 ‘Culture, Cinema Industry and Mass Media’ - 1.8 bn roubles will be spent for cultural service of the Armed Forces personnel.

Chapter 09 ‘Healthcare and Sport’ - 21.3 bn roubles are assigned mainly to hospitals, sanatoriums etc.

Chapter 10 ‘Social services’ - 88.1 bn roubles (79.1 bn roubles in 2006, + 11.4 %) will be spent on pensions and other payments (including various compensations) to retired servicemen and members of their families.

### **Dilemmas of military policy**

Quite specific key strategic goals setting criteria for the military policy and military development for the first time in our recent history are formulated in a series of statements of representatives of the Russian high command<sup>2</sup>. It is entirely fitting that exactly these strategic goals – and not artificial criteria (such as a percentage share of population or GDP, a size of territory to be defended in terms of area or length of borders, or the military expenditures and the size of armed forces of other countries) – should define the mili-

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<sup>2</sup> *Aktualnie Zadachi Razvitiia Vooruzhennikh Sil Rossiiskoi Federatsii* [Current Issues in the Development of the Armed Forces of the Russian Federation]. (Ministerstvo Oboroni, Moskva, 2003, further on: *Aktua'lnie Zadachi*); *Vooruzhennie Sili Rossiiskoi Federatsii 2005* [The Armed Forces of the Russian Federation 2005]. (Ministerstvo Oboroni, Moskva, 2006); President of Russia. *2006 Annual Address to the Federal Assembly of the Russian Federation*. <http://www.kremlin.ru/2006/05/10/1357>

tary requirements of the state and serve as the starting point for defense policy.

*Military requirements as a function of strategic goals*

The sufficiency level for the military capability in peacetime or in emergency situations (without strategic mobilization) is defined as follows: '[While] preserving the capability for strategic deterrent... to successfully fulfill assigned missions simultaneously in two armed conflicts and also conduct peacekeeping operations'. In wartime – meaning after the declaration of a state of war and subsequent mobilization, the task assigned the RAF is 'to repulse an air-space attack by the enemy with available forces, and after a full-scale strategic mobilization to fulfill assigned missions simultaneously in two local wars'. True, by substance these two strategic scenarios seem rather questionable. However, one cannot fail to note that for the first time a tangible subject for serious discussion has appeared in official military literature. In previous years (not to mention the Soviet period) such passages were simply ideologically taboo.

As for policy in the area of the nuclear forces as a constituent part of defense policy, here also quite concrete goals have been established. The base-line missions were set previously in 'The Military Doctrine of the Russian Federation', which was approved by President Vladimir Putin on 21 April 2000. Here it is emphasized that Russia maintains its status as a nuclear power and proceeds from the requirement for possessing nuclear deterrent capability 'which guarantees inflicting an assigned scale of damage on an aggressor under any conditions'<sup>3</sup>. Further it is indicated that 'the Russian Federation reserves the right to use nuclear weapons in response to the use of nuclear weapons or/ and other weapons of mass destruction against Russia and/or its allies, and also in response to a large-scale conventional aggression in situations considered critical to the security of the Russian Federation'<sup>4</sup>. In other words, the concept of a nuclear first strike (nuclear first use) in certain circumstances is reconfirmed.

In the latest versions of Russian nuclear strategy there are also innovations, notably the setting of the task of 'de-escalation of aggression...by the threat of or actual implementation of strikes of various scale via conventional and/or nuclear means of destruction'. Also worthy of attention is the task of 'selective employment of separate components of strategic deterrent forces', as well as a demonstration of resolve by means of 'raising the level of combat readiness, conducting training exercises

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<sup>3</sup> *Voennaia doktrina Rossiiskoi Federatsii* [The Military Doctrine of the Russian Federation]: *Nezavisimaia Gazeta*, 22 April 2000.

<sup>4</sup> *Ibid.*

and redeploying certain components (of strategic forces)<sup>5</sup>. Thus for the first time the possibility of a limited nuclear war is officially proclaimed, even including the use of the Strategic nuclear forces (SNF).

Overall one has to concede that both on the level of strategic missions and conceptualized formulations, Russian military policy is entirely comparable with the analogous official postures of the United States, other NATO countries and Japan, and in some instances considerably more clear and logical. (True, in the area of transparency of the structure, composition and deployment of the RAF, budget appropriations and weapons programs Russia still lags far behind, even in those categories, which are open to foreign states under treaty obligations and in reporting to the United Nations.)

One can only welcome the planned (and publicly proclaimed) reorganization of the structure of the RAF; the announced transition from a system of military districts to the principle of strategic directions (commands); the disbursement into smaller units of the large Cold War times operational-strategic formations (armies and fleets); and the emphasis on the technical modernization of forces, particularly on the introduction of advanced technologies (space systems, most sophisticated command, control and information technologies).

One cannot but support moving from the draft to contract in recruitment of the rapid-reaction units and contingents in war zones, as well as the intensification of their combat training. Other sound policy decisions include the consolidation of the system of military supply and contracting; the reexamination of the concept of mobilization preparedness in particular departure from past planning for large-scale wars; and the intention to get rid of the mammoth burden of outdated surplus weapons and combat equipment, excess rear infrastructure, military real estate and materiel. All this is wonderful if it is actually implemented and if the bureaucracy does not succeed, as it has more than once in the past, in putting the brakes on everything.

### *The landmarks of military policy*

Nonetheless serious problems continue to plague Russian military policy. The roots of these problems can be traced to internally contradictory views of Russian strategic community (which includes military and civilian specialists in state institutions and research centers) on defense and security of the nation.

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<sup>5</sup> *Aktual'nie Zadachi*, p. 42.

It is possible to provisionally single out about a dozen fundamental positions on which a high degree of consensus has emerged in the power structures, political elite and the strategic community of Russia. Like a frame of reference these define the current state and foreseeable prospects of Russian military policy and military development. These may be presented as follows:

- National defense may be apportioned some 2.6-2.8 % of Russia's GDP, or 15-16 % of federal budget expenditures (for 2007 – 821.17 bn rubles, 2.6 % of GDP, or 15.03 % of federal expenditures). This level has been constant in spite of the repeated orders of presidents Yeltsin and Putin to put the figure at no less than 3.5 %, then later 3 % of GDP. The acceptable level of numerical strength of RAF projects to no fewer than 1.1 million men, with no expectation of significant reductions beyond that level (NB: in 1991 the RAF numbered 2.9 million men).
- Internal security threats take priority over external, although, in turn, the aggravation of internal problems can provoke external interference (in 2005–2006 defense expenditures rose by 25 % in current prices while law enforcement and security rose by 36 %).
- Post-Soviet space is the natural zone of special interest for Russian defense and security, despite the division of this area into two coalitions (the Collective Security Treaty Organization, CSTO – formerly the Tashkent Treaty of 1992 – and the GUAM, the group including Georgia, Ukraine, Azerbaijan and Moldova). The Russian military presence on this territory must be preserved in order to influence the course of events in these regions and prevent the encroachment of military interference from outside. Currently Russia maintains troops and other forces (including peacekeeping forces), military bases and installations in 9 of the 11 neighboring countries of the CIS. In case of future deployment in Uzbekistan the figure will rise to 10 of 11. Not including military advisors and specialists, U.S. and NATO troops and installations are deployed in Azerbaijan, Kyrgyzstan and Tadzhikistan, and have been removed from Uzbekistan.
- The expansion of NATO onto CIS territory represents the most serious military-political threat to Russia. Georgian accession to NATO is extremely undesirable, and that of Ukraine is completely unacceptable. In contrast with declarations made at the G8 summits, Russia-EU meetings and at the United Nations, in Russia's official military-doctrinal documents this threat stands much higher in priority than international terrorism and the spread of weapons of mass destruction<sup>6</sup>. Counteracting this threat is what actually determines the deployment

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<sup>6</sup> *Aktual'nye Zadachi*, pp. 19–21.

of Russian troops and forces (both nuclear and conventional), the routine of their large-scale training exercises, the principles of mobilization and the long-term weapons program. Cooperation with NATO – peacekeeping, joint training exercises, theater (tactical) anti-missile defense and the exchange of information on terrorism – is in fact a superficial and peripheral matter.

- China does not represent a military threat to Russia, at least in the mid-term perspective. The nuclear deterrent (and the planned growth in Chinese dependence on Russian oil) serve as guarantees of security for the uncertain longer-term future. The main threat in the Far East stems from the U.S. military presence, the possible remilitarization of Japan and from the consequences of a probable conflict on the Korean peninsula.
- Threats from the south are connected with Islamic and ethnic radicalism, rebel movements and terrorism, narcotics trafficking and illegal migration. Russia's partner in counteracting these threats is not NATO but the CSTO-allied regimes, regardless of their level of democracy; Russia will render them full military and political support.
- A volunteer-contract service army is qualitatively better than a conscript army for fulfilling currently assigned military functions. After the heated debates of the 1990s, when many generals maintained that contract soldiers ('mercenaries') were not part of the Russian tradition, would not be suitable for the defense of Russia and did not comply with the Constitution (Art. 59), the superiority of such troops was nevertheless quietly acknowledged, which is a very significant breakthrough. It is no accident that the elite of the RAF – the permanently combat-ready units – are planned to consist entirely of contract soldiers. As for the rest of the army, the principle of mixed personnel recruitment is now based not on ideological principles but rather on the of shortage of funds argument.
- There is to be a redistribution of relative funding from the current maintenance needs of the army (wages, utilities, food supply and other provisions, transportation, etc.) to development through investment in technical modernization, including research and development, procurement of armaments and military equipment, repairs and construction. The ratio of the former to the latter in 2001 was 70:30; in 2005 it was 60:40; in 2011 it is planned to be 50:50; and by 2015 it should reach 30:70.
- Nuclear weapons as the instrument of nuclear deterrence have been and will remain the central pillar of Russian defense and security because of the superiority in conventional forces of neighbors to the west and prospectively the east and south. Beyond that, nuclear arms are a symbol of Russia's superpower status. In view of the uncertain

configuration of future coalitions of allies and adversaries and the prospects for the proliferation of weapons of mass destruction, missiles and missile technology, Russia will, like the USA, support a 'balanced strategic triad', and in addition maintain large operational-tactical nuclear forces.

- Russia has no great need of new treaties on nuclear and conventional arms limitations and reductions. Given limited financial resources and technical difficulties, Russia is interested in keeping a free hand to the extent it can - and in any case is not willing to negotiate from a position of weakness. President Vladimir Putin has several times mentioned in passing both the desirability of some kind of follow-on to the START-1 after it expires in 2009 and the danger of space weapons. But no specific political steps or initiatives followed these indications.
- Military-technical cooperation with other countries - meaning arms and military equipment sales abroad allowed by the existing international regimes and UN sanctions - is one of Russia's vital external interests (as is exports of civilian nuclear materials and technologies). This interest should be served by the country's foreign policy and to a certain extent even guide it. Such sales are not only one of Russia's few high technology exports amid a sea of raw materials exporting, in distinction from other arms exporting countries. For Russia this trade represents a means of survival for the defense-industrial (and nuclear) complex, which is employed by state defense procurement contracts only at one quarter of capacity.

Clearly, it might be possible to offer more or fewer such points of elite opinion; the above list is determined solely by the logic of this particular paper.

### *Contradictory bearings*

The main contradiction is between the size of the military budget as tacitly set at the end of the 1990s and the envisioned size of the RAF. This was most vividly demonstrated in the course of President Putin's live interaction with a television audience in October 2006. Putin noted, in particular: 'The army, despite the fact that we are increasing its funding, is getting smaller... Today it has 1 331 000 men. This isn't so many. And on the whole large-scale reductions are no longer planned'. Then the President reminded viewers that military expenditures for 2007 would amount to 2.6 % of GDP and went on to observe that 'This is approximately the same outlay as in NATO countries. But in absolute terms it represents significantly less than in other countries. I mentioned in a communication

earlier this year that we compared to, say, the United States, spend 25 times less. This is less than China, where the figure is approximately 65 billion [USD]. And it's less than in France, where it's 45 billion<sup>7</sup>.

Many of Russia's defense problems stem, in fact, from this contradiction. At the commercial exchange rate – the one that affects the material well being of military personnel most of all – the Russian defense budget is approximately equal to the military budget of Italy (\$25 bn). However the Italian army numbers some 200 000 men, meaning that in Italy the proportionate financial allocation, figured for the average person serving in the military, is something over five times greater than in Russia.

If you calculate using the index of purchasing power parity, which takes into account lower internal prices in the military realm for certain goods and services, Russia's military budget is comparable with expenditures of, say, great Britain or France (\$35–40 bn). However, in those countries the military forces number approximately 250 000 men, so the proportionate financial allocation is again 4–5 times higher than in Russia.

By this key index Russia is comparable to Turkey, a state of affairs unacceptable for the army of a great and advanced military power, which Russia claims to be. Moreover, Russia intends to remain such a power and to do so without entering any military alliances and with a gigantic territorial expanse that includes both enormous natural resources and long borders with the most unstable regions in the world. For that matter the actual conditions for the Turkish military are better anyway: in Turkey there are far fewer outlays for maintenance and modernization of huge stocks of weapons and equipment, and the most capital-devouring aspect of all, the nuclear-missile-space complex, is absent altogether.

If Russia were to try to overcome this disparity by doubling its military budget (which is approximately equal to the surplus of the federal budget), then by the criteria above (without accounting for purchasing power parity) it would approach a country such as Greece. But then the defense and security expenditures plus the maintenance of the state apparatus would account for around 34 % of the federal budget, while housing, education, health, science and social welfare would together make up only 12 %). This kind of distribution is characteristic of militaristic or police states. It would inevitably ruin the country's finances and the production and social base of its economic and scientific-technical development, which is, in fact, what happened to the USSR at the end of the 1980's.

Another approach would be to increase proportional military funding so that it would near the level of Greece, at least—through reducing the force level of the army to 700 000 - 800 000 men. Taking into ac-

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<sup>7</sup> Cited in 'Ukrepnenie oborosposobnosti strany [Strengthening the country's Defense capability]: VPK [Voenno-politicheskii Kurier], no. 42, 1-7 November 2006, p. 5.

count the capital-consumption of the nuclear-space complex, which Greece does not have, the figure drops to 500 000 - 600 000 (maintaining the current share of the defense budget in the GDP).

Many other contradictions in Russian military policy are products of the above. For example, one very important goal is substantially improving the quality of the RAF by redistributing funds from current maintenance to investment in development (technical equipment and infrastructure). Let's suppose that the optimistic scenario comes true and Russia succeeds in doubling its GDP by 2015. Maintaining a stable share of the defense budget, the military outlays would then reach approximately 1340 bn rubles (in constant prices), of which 70 % are planned to go to development and 30 % to maintenance – i.e. around 400 bn rubles (\$15.27 bn<sup>8</sup>).

Around 17-20 % of military expenditure usually go to wages; this should surely double, at a minimum, by 2015 given the obvious 'underpayment' of the military today (a colonel makes approximately 15 000 rubles [\$570] per month. This is all the more appropriate given the plan for a partial transition to contract service. To attract a higher quality contingent into the service it will be necessary to raise the salaries of contract soldiers as well (who at present, except for those serving in 'hot spots', get less than 5000 rubles a month). But then the remaining maintenance budget would amount to only around 130 bn rubles – just what it is now. Yet these items include utility payments, material-technical supply, combat training, the mortgage system of the housing fund and others. The problems of housing and combat training are particularly acute, having become, along with low pay, the real curse of the Russian army. It is unimaginable that these problems can be resolved in ten years without raising the level of funding.

Most likely the task of reallocating funds in favor of development will not be fulfilled, with all the attendant consequences for the technical equipment of the army and the state of the defense industry. This is yet another big 'misfit' in Russian military policy. Because of the overwhelming expenditures on current maintenance of the million-man army, the allocations for R & D and procurement of armaments and military equipment (i.e. state military contract) are constantly depressed. This is the source of the prolonged crisis in the defense industry, where 80 % of the production facilities and equipment are obsolete, a third of enterprises are bankrupt and the average worker's age stands at 57. Funding for Rus-

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<sup>8</sup> Conversions from rubles into dollars are approximate and done at the Central Bank of Russia rate for 8 December 2006, at 1 USD =26.1917.

sian R & D is an order of magnitude lower than in the advanced countries, and investment in industrial equipment is five times less<sup>9</sup>.

Therefore the annual increase in allocations for state military contracts barely covers inflation and leads not to an increase in production but rather to a rise in its costs (which is also aggravated by the flawed pricing system and huge overhead for the maintenance of unused capacities). In 2006 the state military contract for defense needs was raised by 30 % over the previous year, reaching 240 bn rubles. But for this money the purchases of armaments and technology are genuinely meager given the presence of huge stocks of both, 70-80 % of which is physically obsolete (i.e. has served over ten years). For example, the published data indicate that in 2006 only six intercontinental ballistic missiles, 31 tanks, 120 armored vehicles, one airplane and eight helicopters were purchased, which makes up on average less than 1 – 0.1 % of existing stocks of arms (both, in active service and stockpiled, for use in case of mobilization). At this rate, the complete replacement of the arms stocks and combat equipment would take from 100 to 1000 years, which is clearly absurd.

The maintenance of a large army and huge stocks of equipment for the eventuality of a war with NATO over the next decade is quite pointless given the unlikelihood of such a war. However, expenditures for exactly this prospect deplete the allocations for technical development. In 10-15 years the RAF may find themselves with tiny panoply of the latest armaments and equipment, having retained a large personnel contingent and mountains of utterly useless scrap metal. In the meantime it is exactly in this period that new, currently unpredictable threats – particularly to the south and east of the country as well as on the global scale, are likely to appear.

The discrepancy between maintenance and development gives rise to a whole series of additional contradictions. One of these is between the financing of technical renovation of strategic nuclear forces and that of conventional forces. In 2000-2001 decisions were taken in favor of the latter. As is clear from the data on state defense contracts cited above, this influenced the scale of the technical modernization of conventional forces only marginally. However, it brought about the rapid degradation of the strategic forces and their warning and command-control systems. Another disparity has arisen within the framework of strategic forces among the land, sea and air components of the triad. The modest funding was spread over all three in a thin layer, undercutting all of them and most of all Russia's traditionally strongest components, the land-based missiles.

The mass removal from service of older strategic arms and the minimal scale of the introduction of new systems (4-6 land-based missiles

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<sup>9</sup> See Dvorkin, V. Z., 'K budushchim ugrozam ne gotovy' [Unprepared for future threats]: *Politicheskii Zhurnal*, no. 39-40, 23 October 2006, p. 31.

per year, one missile-launching submarine in ten years) can lead, by 2015, to the reduction of Russian strategic force level by a factor of more than three compared with current levels and two in relation to the 2002 Moscow Treaty (SORT) between Russia and the United States, which calls for the reduction of strategic offensive weapons to a level of 1700-2200 warheads. And even then new systems – those in service less than ten years: Topol-M and Bulava missiles – will make up no more than 30 % of the lower warheads bracket under SORT.

Of course, Russia will maintain a minimal deterrence capability, comparable to that of second-tier NWS (Great Britain, France, China and India by 2015) but it will fall further and further behind the USA. Some people find this position acceptable (the more so as tactical nuclear weapons also remain). But this picture in no way corresponds with either the generally accepted view or official concepts in Russia, which hold that nuclear forces constitute and will continue to constitute the basis of this country's international status and defensive capability, and will compensate for lagging behind NATO and China in conventional forces. Nor does it support the goal of ensuring a nuclear first strike potential and selective nuclear strike capabilities while maintaining a secure deterrent against massive nuclear attack.

Moreover, there is no logic in moving away from further serious negotiations on strategic arms, which could substantially reduce and limit the U.S. forces. Given inadequate funding, the 'free hand' is a dubious blessing for Russia, if the same freedom is also enjoyed by other countries assigning much greater budget allocations to defense (the USA, for one, spends on strategic forces approximately what Russia spends on its overall defense budget). True, because of the decisions of 2000-2001 mentioned above, Russia's positions in this area are not very strong; but Russia does have more than a few other foreign policy bargaining chips to play in reaching an agreement with the United States on the reduction of American projected strategic nuclear advantage. This was exactly the way the USA and NATO acted in negotiations with Moscow from the 1970s through the 1990s.

Beyond all the other problems of the defense industry, there is growing concern over its reorientation toward exports motivated by the shortage of Russian contracts and the failure of conversion programs in the 1990s. The best Russian firms and conglomerates are seeking to enter the global market, and in 2006 have put Russia in first place in sales of arms and military technology. These sales are approximately equal in value to orders for the RAF. This may be the source of pride, of course. But redirecting Russian defense production towards the needs of other nations' armies may also lead to long-term restructuring in line with foreign requirements and standards. In the worst case scenario this may also ag-

gravate potential military threat in the case of worsening relations with certain neighboring states.

The prospect of NATO expansion into the CIS territory has, without doubt, negative significance for Russian security, especially in view of the fact that NATO is not inviting Russia to join. Russian cooperation with the alliance is both superficial and lethargic, to a great extent because of the bloc's movement towards Russia's borders. NATO expansion, in addition to everything else, is used as an effective argument against reducing the size of the Russian army and against a full transition to contract service – and in favor of retaining massive mobilization reserves (a multi-million reserve pool, stocks of arms and combat equipment, and conservation of production capacities and supplies).

It is no less important that the expansion of NATO is increasing friction between Russia and the West in post-Soviet territory. Moscow is trying at all costs to preserve and expand its military and political presence in neighboring countries so that external powers cannot crowd Russia out. But a number of neighboring CIS countries, resisting Moscow's pressure, are seeking support from elsewhere and trying to join NATO, which in turn provokes an even tougher Russian policy. The result is a vicious circle, with Russia's military resources tied down in the west and depleting in the southern and eastern directions.

Moscow's negative reaction to the expansion of NATO is entirely explicable. But it is time for Russia to recognize that a reliable military presence abroad can only be based on common security interests, and not on political pressure or economic handouts. Otherwise such a presence becomes hostage to political or economic bargaining and does not serve either security or the strengthening of Russia's strategic positions.

It is also difficult to justify the passivity of Russian policy in cooperating with NATO (on peacekeeping operations, the war against terrorism and measures against WMD proliferation). No initiatives have been proposed to further reduce conventional forces or limit military activities in Europe. A revitalization of Russian policy in this area would make the West much more attentive to Moscow's interests, and could 'freeze' the alliance expansion – or at least remove its negative strategic consequences.

The maintenance of a large army at the expense of quality, equipment and combat readiness is even less justified. Such an army in any case would be unsuitable either for a major war against NATO (given that a reliable nuclear deterrent renders such war extremely implausible, even in a purely military sense) or for local operations and regional conflicts with other adversaries, which are indicated in official Russian military doctrine and which demand a completely different kind of military training and technical support (as demonstrated by examples of such suc-

cessful operations in Iraq in 1991, Afghanistan in 2001 and the invasion phase of the war in Iraq in 2003).

Above all, this is related to the 'conscription or contract' dilemma, a problem that has stood at the center of public attention in Russia for many years now. The transition of the entire million-man army to a contract basis would cost approximately an additional 70 bn rubles per year, and with a raise in pay for the contract troops and officer corps plus other additional costs – more than 100 bn rubles annually. In such a case the GDP share of defense spending would rise from 2.7 to 3.2 %, which in principle fits in with the level indicated by the unfulfilled presidential directives in the past. However the federal program of transition to a contract army is clearly not considered a very high priority in Kremlin. The Ministry of Defense would probably prefer to use the extra funding for other purposes (technical modernization, combat training, housing construction, officer wage and others).

To back up their arguments about the alleged excessive costs of the transition to an all contract system, critics usually point not only to the expense of contract soldiers' wages but also to the costs of improved housing for them, regular combat training and better technical equipment. This means they are silently acknowledging that for conscript soldiers neither acceptable housing, combat training nor good technical equipment is necessary. And indeed, draftees cannot abrogate their contract and leave service. But what, one wonders, is such an army good for —and what kind of 'defense of the Motherland' can be expected from it?

The latest military technology and combat operations of a new type are in order. The need for these was demonstrated by the tragic experience of two wars in Chechnya, in which altogether more than 50 000 soldiers were killed and wounded. Hence, the need for a significant rise in the level of professionalism of military personnel, which is something only a transition to contract service is capable of providing. The same requirement stems from a catastrophic proportion of bullying, crime, suicide and fatal accidents in the army and other troops, which bring about something like a thousand fatalities among military personnel annually, beside the losses in the 'hot spots'.

In the search for a solution of these problems an 'elite army' is being created within the RAF – units of permanent combat readiness (PCR) numbering some 200 000 men (18-20 % of all army personnel). This elite army will consist of full strength contract units, equipped with the latest technology. They will undergo intensive combat training and will be well equipped. The remaining 'big army' most likely will be even worse supplied and trained and will retain conscription, with all its consequences. Beyond that, it is planned to reduce the term of service for conscripts from the present two years to one, which will in turn lead to further

de-professionalization of private soldiers and the demoralization of the officer corps. In addition, many exemptions and deferments from the draft will be abolished because the volume of the annual draft will not change (some 300,000 men), while the conscript contingent will have to be doubled under a service term half as long as an old one. The army's personnel will break down as 40 % officers, 30 % contract private soldiers and 30 % or so conscripts<sup>10</sup>.

This arrangement – which resembles a two-stage Russian ‘*mareshka*’ doll, an army within an army – will engender a large, low combat readiness and socially disaffected army (a kind of a huge ‘rear support battalion’) inside which there will be a small, combat-ready army. But the large army will hardly be useful for anything except auxiliary functions, while still demanding a huge share of the budget. And the elite army, in turn, will be too small for the Russian scale and military requirements, which include the maintenance of a nuclear-missile complex and force contingents in the west, south and abroad; 200 000 men, let us recall, is the approximate size of the Italian army.

### *Doing away with contradictions*

Russian military policy is experiencing great difficulties in reorienting itself toward the new realities, threats, challenges and demands of the 21st century. In a sense it has been in an extended period of drift pursuing military missions, weapons programs, force levels and structure according to established traditions, administrative routine, an inherited organizational scheme and materiel – but in scant relation to the new military-strategic environment.

The military policy of any large state is fairly inert, resisting changes and innovations. It is also the case with the military policy of any country, even one with a very large defense budget, that there is and always will be the problem of choosing among competing priorities – between improving the current maintenance of the army and investing in its technical development; between the conventional forces and nuclear forces (where such are present); between R & D, the purchase of new arms and equipment and repairing the old; among various branches of the RAF and among the components of the nuclear triad (where such is present); and so on.

The peculiar situation of Russian military policy may be summed up in two basic premises: budget allocations for defense in the area of 2.8

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<sup>10</sup> See Vorob'ev, E., and Tsymal, V., ‘*Krakh kontraktnoi sistemy zaprogramirovan'* [The Collapse of the Contract System is Programmed]: *Nezavisimoe Voennoe Obozrenie* [Independent Military Review], 27 October 2006.

% of GDP and a 1.1 million man army (i.e., the formula cited above, which encapsulates the economic capabilities of the country and the interests of the institution). These two framework parameters make competition among different priorities especially intense. Indeed they may even be called fratricidal.

Put otherwise, in order to fund one priority fully, it is practically necessary to kill something else that is also a requirement. Examples of this include the improvement of welfare of the officer corps versus the transition to a contract army, and modernization of strategic sea-based missile forces and deployment of new land-based missile systems.

Allocating resources by spreading them thinly over all priorities will lead to the collapse of each one – a little more slowly, perhaps, but nevertheless inevitably.

Furthermore, a number of factors stand in clear contrast to the archaic and ineffective mechanism of decision-making on military policy and military development. These include Russia's status as a nuclear-space superpower and one of the most advanced military-technological powers in the world; the strategic tasks of the RAF appropriate to this status; and the Russian military-industrial and scientific potential. The decision-making process attempting to grapple with these factors has lost what limited good there was in the Soviet system without introducing new features appropriate to an entirely different political and economic system and military state of the country.

Frequent administrative reshufflings are not solving the problem; indeed they often make the decision-making mechanism even more cumbersome, confusing and ineffective. Russian military commanders and arms designers are sounding alarm bells (and quite justifiably so) about falling already by two generations behind the United States in conventional armaments and command-control systems.

But seldom if ever do people realize that in decision-making itself Russia has already fallen several generations (decades) behind, and in fact still lives in the 'pre-McNamara period'. This along with the collapse of industry and science during the economic 'reforms' of the 1990s causes the growing technological gap between Russia and the leading military powers of the world, and accounts for a multitude of other stagnating defense problems as well.

Russian policy does not exist in a vacuum, of course, but rather in a highly charged atmosphere of international security, conflicts, scientific-technological progress and military preparations by other powers. The policy course taken by the United States and its allies in recent years, despite the end of the Cold War a decade and a half ago, is making the formulation of an optimal path of military evolution in Moscow more difficult.

These policies include, in particular, the ill-conceived expansion of NATO eastward, the arbitrary U.S. use of force and the threat of force in disregard for international law (as in Yugoslavia in 1999 and Iraq in 2003), the destruction of the system of treaties on limitation and reduction of arms, and the loss of interest in the continuation of arms control negotiations (The ABM Treaty, START-2 и START-3, CTBT, FMCT, CFE adaptation). Another harmful Western initiative is the development of new destabilizing weapon systems, which include anti-missile systems, space weapons, ‘penetrating’ nuclear mini-warheads, strategic missiles with non-nuclear warheads and others.

The goal of this discussion is not to offer specific recommendations on Russian defense policy but rather to analyze the reasons for and consequences of this policy’s basic difficulties and shortcomings. As for recommendations – that is a subject for a large and complex project that only a team of top specialists of different profiles would be capable of undertaking.

In its most general form, the main solution set appears to be a ‘two-track’ way that would involve further reduction in the size of the RAF (to the level of 600 000-700 000 men<sup>11</sup> and the respective stocks of arms and military equipment along with a simultaneous rise in the level of defense allocations to 3.2-3.5 % of GDP. At the same time much greater transparency must be provided for the military budgets, the composition of the army, its structure and its programs (including in the long-term) to raise the level of their consistency and cost-effectiveness, as well as democratic accountability.

In this framework it would be possible to solve such problems as raising military wages, improving housing, effecting a complete transfer to contract personnel, improving combat training and technical equipment of the RAF, reviving a robust nuclear-space shield and making the characteristics of the permanent combat readiness standard for the entire conventional armed forces.

Even more important, this will allow Russia to rescue its defense industry and science from the crisis situation they are in now. It goes without saying that additional force cuts should be carried out through the transfer of part of the officer corps to other force branches and military institutions (i.e. internal troops, border guards, etc.); comprehensive assistance for former officers as they adapt to civilian life and the provision of

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<sup>11</sup> Although the total number of personnel in the RAF is far from the most indicative criterion of defense capability (particularly in Russia, which maintains some 600 000 civilians in the Ministry of Defense system and 800 000 military personnel in other armed services, it is still worth noting that this numerical level is comparable to the total size of the armies of the three largest countries of western Europe taken together and is surpassed only by the armies of China, the USA, India and North Korea.

appropriate housing due to them. These large-scale one-time expenditures should be made outside the national defense budget, as separate budget items.

For Russia, considering its role and status in the world, difficult external conditions and internal problems make the choice of the right course and the adoption of a number of essential decisions not less but even more important.

The basis for these decisions should be a broad and open discussion of the fundamental problems and dilemmas of defense policy, a critical reassessment of its many deep-rooted and contradictory postulates and the formation of a more rational and transparent decision-making system.

Otherwise it will be impossible to untie the knots of contradiction that now bind military policy. Certain steps in this direction are being taken, but a long way still lies ahead. While the time deficit is becoming more acute, the tactics of marginal course corrections is becoming less and less productive.

There is also a great need for a more aggressive and innovative policy by Moscow on arms limitations and reductions. The role of the President in this sphere of political leadership should also be more active. Much better coordination of the positions of bureaucratic institutions in the areas of defense and foreign policy is badly needed. And for its part the Russian parliament should assume the role of a scrupulous reviewer of proposals from the executive branch.

## 9. IS THE ARMY REFORM OVER? (REVIEW OF MOD PUBLICATIONS)

Vladimir DVORKIN

Recent years have seen a few positive changes in Russian military policy. The federal expenditure for national defense has increased compared to the end of the 1990s. The President and the Minister of Defense frequently refer in their statements to the progress in modernizing the Strategic Nuclear Forces (SNF) and plans to deploy new unique strategic nuclear systems soon that have no similarities overseas.

A growing volume of information on military issues is made available to the public. Some meetings of MOD top-ranking officials are made public. Representatives of the Russian high command hold press conferences and briefings more frequently than before. *Aktual'nye Zadachi Razvitiia Vooruzhennykh Sil Rossiiskoi Federatsii* (further on: *Aktual'nye Zadachi*)<sup>1</sup> has become an important development in evolving serious dialogue between the military leadership and the public.

A well illustrated volume of *Vooruzhennie Sili Rossiiskoi Federatsii 2005* (further on: *Vooruzhennie Sili*)<sup>2</sup>, which is set to become an annual report, represents a new major step in this direction. The new publication provides information on the current posture of the Russian Armed Forces (RAF) and their activities in 2005, priorities of the RAF development, as well as on the structures of the Ministry of Defense and the General Staff, branches and arms of services, rear organizations. The publication covers a wide range of defense issues (military budgeting process, military-technology policy, procurement system, defense industry, inter-

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<sup>1</sup> *Aktual'nye Zadachi Razvitiia Vooruzhennykh Sil Rossiiskoi Federatsii* [Current Issues in the Development of the Armed Forces of the Russian Federation]. (Ministerstvo Oboroni, Moskva, 2003).

<sup>2</sup> *Vooruzhennie Sili Rossiiskoi Federatsii 2005* [The Armed Forces of the Russian Federation 2005]. (Ministerstvo Oboroni, Moskva, 2006).

national treaties, personnel recruitment problems, combat training, and social services for the RAF military and civilian personnel).

Both publications as well as subsequent Presidential statements, particularly his *2006 Annual Address to the Federal Assembly of the Russian Federation* (further on: *Annual Address*)<sup>3</sup> and statements of others in the Russian high command supply important information on strategic and operational concepts, goals and missions for the RAF, as well as on military reform.

### **Threats to military security and RAF missions**

Attention is focused on new challenges and threats. They include international terrorism, ethnic instability, and activities of radical religious groups, organized crime, and proliferation of WMD and means of their delivery. WMD proliferation opened a list of threats in *Aktual'nye Zadachi*. However, in *Vooruzhennie Sili* the list starts with items 'continuing military conflicts in some regions' and 'aspirations of some of Russia's neighbors to join NATO', (which replaced former wording of that threat – 'expanding of military blocks and alliances at the expense of military security of the Russian Federation'). The significance of 'weakening of integration processes in the CIS space' is also underscored.

Previously the list of external threats encompassed such actions as deployment of military forces intended for launching attacks against Russia; territorial claims, which could lead to a seizure of some parts of the Russian territory; demonstrations of military force close to the Russian frontiers; build-up of task forces in the vicinity of Russia's borders, which could result in undermining a balance of power in some areas.

*Vooruzhennie Sili* mentions smoldering regional and ethnic conflicts near Russia's borders and full-scale military clashes in some regions of the world.

Wording of challenges and threats has become tougher over last three years. It is to be explained by recent developments. One may mention in this connection controversies over the war in Iraq; the U.S. role in encouraging Ukraine and Georgia to join NATO; the U.S. expanding penetration into the CIS space and Washington's resentment over Russian arms supplies to Iran and other states that are characterized by the United States as unfriendly nations.

These trends are highlighted in *Annual Address*. Terrorist threats are characterized in it as aspirations of unnamed forces that would like to see Russia become so bogged down in these issues that it will not be able

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<sup>3</sup> <http://www.kremlin.ru/2006/05/10/1357>

to resolve its own problems and achieve full development. Threats of WMD proliferation are assessed in the same manner. It is said that strong-arm methods to manage those threats rarely achieve the desired result and that their consequences can even be more dreadful than the original threats.

Probably, the current portrayal of challenges and threats reflects the leadership's perceptions of the nation's growing role, authority and independent stance in the world arena arising from financial and economic stabilization in Russia. New opportunities for big investments in Russia, including defense expenditure as a result of favorable situation in the world energy markets are also quite important in that respect.

Obviously, the RAF must be assigned missions that are directly related to challenges and threats foreseen for near and mid-term future at least. The adaptation of the Ground Forces and the Navy to new missions could require considerable period of time. As President Putin put it rightly, new threats are less predictable and just how dangerous they are has not yet been fully gauged and realized.

*Vooruzhennie Sili* describes the RAF's missions very briefly. They are confined practically to the peacetime situation. Appropriate references to the Federal Law 'On Defense' (1996) and 'The Military Doctrine of the Russian Federation' (2000) are cited.

Missions for the SNF and their supporting organizations are set in the following way: maintaining the SNF structure, setting, combat and mobilization readiness, their rear organizations, and command systems at the level, that guarantees inflicting assigned scale of damage on an aggressor under any conditions.

Missions for the General-Purpose Forces (GPF) include maintaining combat potential, combat mobilization readiness, and preparedness of groups of forces in peacetime to be ready to repulse local-scale aggression and for strategic deployment of forces under wartime conditions.

*Vooruzhennie Sili* describes the RAF missions very briefly in contrast to *Aktual'nye Zadachi*. On the one hand, it can be explained by the fact the two documents pursue different purposes. Probably, *Vooruzhennie Sili* mainly reflects the state of the RAF at the end of 2005 compared to a broader picture of the RAF development given in *Aktual'nye Zadachi*. On the other hand, one may assume that there have been no changes in the RAF missions in wartime shown in the two documents. But *Annual Address* does not support this suggestion.

*Aktual'nye Zadachi* formulates the principal RAF mission in wartime in the following way '...using available forces to repulse aerospace enemy's attack and after full-scale strategic deployment to achieve goals in two local wars simultaneously'. This is clearly inconsistent with developing partnership with the USA and NATO as well as with the existing

RAF capabilities. It is doubtful that any military alliances or a single power except for NATO and the USA have a capability for aerospace attack against Russia. Thus, the question arises: what kind of war the RAF is preparing to fight and at what stage? When will the RAF be able to acquire such a capability? *Annual Address* goes further in saying that Russia needs armed forces able simultaneously to engage in global, regional and - if necessary - also in several local conflicts.

It is difficult to imagine foundations allowing for setting such missions for the RAF in foreseeable future. *Annual Address* rightly points out the huge gap in defense spending between Russia and the USA (Russia spends 25 times less).

Even the USA with its entire military capability has been already exhausted by only one regional conflict. In addition to it, we should not forget that the USA has got support from NATO allies.

Such inconsistencies in the formulations of challenges and in setting missions for the RAF, their sudden alterations over a relatively short period of time may reflect insufficient theoretical elaboration of current security problems. Only thorough theoretical assessment can provide a sound basis for a consistent policy in this field. Deficiencies have been the result of the lack of broad professional debates on this fundamental theme, which should be conducted within the framework of parliamentary hearings, independent commissions, as well as authoritative governmental and non-governmental scientific centers.

### **Reform results and the RAF's current state**

The authors of *Aktual'Nye Zadachi* have considered in detail the state and results of the RAF reforming. In contrast to this, the volume *Vooruzhennie Sili* is very brief on this subject. It contains a few references on the optimization of the MOD structure and progress in up-grading the nuclear deterrent capability and in developing aerospace defense, operational preparedness of the RAF headquarters and combat training of troops.

Issues related to the RAF reform and their current state are dealt in *Annual Address*. Its main relevant provisions: the optimal structure of the Defense Ministry and modern composition of the RAF have been accomplished; the procurement of new or modernized weapons and military hardware will constitute the basis of Russia's defense up to 2020; naval shipbuilding has got underway again and Russia is building new vessels of practically all types; the Russian Navy is soon to commission two new nuclear-powered ballistic missile submarines (SSBN); the SNF will re-

ceive new ICBMs ‘Topol-M’ and ‘Bulava’; unique high-precision weapons systems and maneuverable warheads are being developed.

The authors of *Vooruzhennie Sili* claim that a modern RAF structure has already been established. **In reality, the RAF continue to maintain an archaic structure of troops and military command.** It includes different branches and arms of the service and military districts. This problem has been debated among defense experts over almost fifteen years. Structural reorganizations have been constantly discussed within the General Staff, but no practical steps have been taken in that direction.

The necessary lessons have not been drawn from Russian negative experience as well as from the experience of other major military states and practices of modern wars.

As far back as the last quarter of the 20th century most of the leading nations came to the understanding of the need to fit the structures of their armed forces to the demands of the modern times and decided to establish new quality military structures.

Military operations conducted by the USA or NATO are directed by the command of combined grouping of ground, air and navy forces. Only such groupings of various forces are able to manage combat operations in modern wars. Separate branches and arms of the service and military districts are not fitted to do this. Developed countries have combined formations of forces, which exercise combat training in peacetime.

The U.S. armed forces are most advanced in this respect. They constitute a mix of nine main geographic and functional military commands and about 30 combined commands at lower level. The goal has been set to remove further any dividing lines between individual forces at operational command level.

Dire consequences follow, if such structures (combined commands) are formed only after military operations have already begun (lose of control over operations, unjustified losses in manpower and even defeats). The experience of the Second World War as well as the war in Chechnya corroborated this point.

The RAF have an obvious deficit of generals and high-ranking officers capable of managing combined groupings of troops in regional or local conflicts, to implement an adaptive planning and correction of operational plans depending on sudden changes of the situation. The reason for this: the absence of combined commands in peacetime, lack of combat and operational training of such military structures.

Only quite recently the MOD informed the public about the tentative formation of regional combined commands. So, a lot of time has been wasted for the RAF modernization.

**The formation of the aerospace defense is another controversial area.** Debates on how to define aerospace and aerospace defense have

lasted for years. But convincing arguments in favor of considering air and outer space as a single sphere of activity have not yet emerged. In fact, the single aerospace does not exist, but there are separate air and outer space environments with their specific objective characteristics. The lowest level of outer space is limited to minimum perigee of satellites' orbit and equals approximately to 100 km.

International Civil Aviation Organization (ICAO) decided to consider this height as a boundary between outer space and air space. Aerodynamic flying vehicles can fly in the atmosphere only up to 65 km. That is why the dividing line between outer space and air space constitutes a real fact not only formally but also physically. Certainly, various combat apparatus or devices can cross the boundary between air and outer space, but this fact cannot prove an existence of a single aerospace. If one is to follow the logic of those who recognize the existence of a single aerospace it would be possible to argue in favor of "a single water-air-outer space environment" since submarine ballistic missiles (SLBM) cross all three environments, when they are being launched from under the water.

What is behind the decision to establish the aerospace defense from the point of operational-strategic, technical and geophysical dimensions? One needs detailed analysis of possible missions for aerospace defense to find an answer to this question. But anti-air defense and anti-missile defenses have distinctive missions and absolutely different combat and information means of warfare.

To hit air, sea and ground-based targets from the outer space one needs space-based weapons. But such systems do not exist and they will hardly appear in the foreseeable future. There are some experimental models of hypersonic apparatus able to move in outer space and air, but really fascinating devices do not necessarily constitute a foundation for developing weapon systems. For example, they could be too expensive to produce and ineffective in real action.

Sometime ago, the Soviet military and political leadership displayed concern over the U.S. shuttle program. It was thought that shuttles while maneuvering in the air could attack Moscow with nuclear munitions. But there was no real ground for such concerns as it was much cheaper and more effective to use nuclear submarines for such missions, which could launch ballistic missiles from positions close to the Soviet sea borders with very short flying time to hit assigned targets.

At least for the next ten-fifteen years no state will have so-called aerospace means of warfare able to execute combat missions simultaneously in the air and outer space. Military aircraft, cruise missiles of different types and ballistic missiles will remain as the means of 'aerospace attack'. At the same time research on "airspace means" is developing rather successfully. But that research does is not aimed at developing weapon

systems capable to accomplish combat missions in the air and space, but at devising a combined scheme of launching, executing purposeful targeting and landing. For example, an aircraft can launch an orbit stage-hitting device into a targeting point in the air. From an achieved point that orbit stage vehicle (using its own engine) may be launched into outer space to fulfil any mission. After accomplishing its mission the orbit device using its aerodynamic characteristics comes to landing on airfield. Such combined scheme can be used for military purposes only to accomplish certain missions in outer space (intelligence, communications, to hit space apparatus) or from outer space.

Schemes to combine combat and information gathering and processing systems of the Ballistic Missile Defense (BMD) and Anti-Air Defense (AAD) are most likely motivated by the zeal of some commanding officers of the RAF to introduce new structural changes in order to merge the AAD, BMD and Space Troops under the Air Force umbrella, than by considerations related raising effectiveness of the AAD and BMD. References to the American experience are not well founded, as the U.S. Space Command has been historically a part of the Air Force. As far as the AAD and the BMD are concerned, both have independent status.

*Vooruzhennie Sili* describes the established mechanism of military-technological policy and dynamics of the State arms procurement for 2001-2005. The latter, according to the Governmental Military-Industrial Commission, has been increased annually by an average rate of over 20 percent in recent years<sup>4</sup>.

Both the 2006 and 2007 federal budgets grant priority to purchasing arms and military hardware at the expense of spending on military R&D.

It seems that **this shift in military spending is not well founded** taking into account the gap between the Russian and U.S. armed forces, in particular, in the quality of arms, including, first of all, integrated surveillance systems, inform-commanding automation systems and high-precision weapons. In any case, no information is available on calculation of alternatives in relation to the military expenditure structure or on any independent expertise in the matter.

*Vooruzhennie Sili* gives rather objective picture of the current state of the military-industrial complex (MIC) and its current difficulties, including fall of production volumes by six times and production capacity by three times compared to 1991, etc. But even these figures do not reflect adequately deep systemic crisis of the MIC. According to the Analytical Report on the Strategic Development of the Defense Industry, prepared by the Governmental Department on Military-Industrial Questions, the capi-

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<sup>4</sup> Putin, V., 'More money, more control', *Krasnaya Zvezda*, 2 September 2006.

tal funds in the defense industry have been worn out morally and physical by more than 80 percent. Some experts consider this situation as more than critical. The former system of selection, training and retaining of personnel for the MIC has disintegrated. And no suggestions are offered on how to improve the situation. In fact, one third of the MIC enterprises have gone bankrupt. R&D expenditure in Russia is ten times less and investment in capital funds as well as in personnel training is five times less than in developed countries. Capital funds per capita are two-three times less and productivity five-ten times less than in developed countries. More than 50 percent of unique weapons technologies have been lost on various reasons. Many defense factories are in a poor state. More than half of machine tools are completely worn out.

Extremely low profitability of defense enterprises is one of the main concerns. The average age of personnel in defense industry is 54 years, in defense R&D this figure is even higher – 57 years. Some proposals to improve situation in the defense industry, made by the Russian Academy of Sciences and some NGOs, have not so far been taken into account.

It is necessary to stress particularly that given the existing technological gap between Russia and leading developed countries in equipping armed forces with modern and perspective weapons a catch-up model is not reliable. That is why a concentration of defense R&D efforts on breakthrough technologies – integrated systems of space and air surveillance, inform-command systems (first of all, combat systems), communications, high-precision weapons, and software and hardware programming systems, where Russia retains still significant potentials, – looks much more promising.

It is expedient to pay special attention to outstripped development of individual systems of navigation for servicemen, optical-electronic, communications and computing military hardware, effective protection and life-supporting means for every serviceman.

### **Common security interests**

Recent years have seen gradual improvements in the RAF international contacts. For example, the Russia-NATO Council (RNC) has established almost twenty working groups and committees, which are charged with the mission to expand cooperation in a number of fields. Joint naval exercises are held. The Black Sea Fleet takes part in NATO's anti-terrorist 'Active Endeavor' Operation in the Mediterranean. The special tactical exercise 'Avaria-2004' was held. It focused on protecting and defending nuclear weapons convoys and responding to terrorist attacks.

Regular joined exercises were held for computing simulation of the Theatre BMD. Research on technical and economic aspects of establishing a joint BMD is under way. N. Burns, the U.S. permanent representative to NATO, pointed out that if such system were set up it would mean the final end to the Cold War and there will be no return to confrontation. He also spoke in favor of creating a collective anti-terrorism rapid deployment force. The lack of interoperability between military contingents of the RF and NATO has so far been the main obstacle to the creation of such a force. Bringing into being Russian peacekeeping brigade is significant in this respect. The brigade could actively interact with NATO's contingents, i.e. would be 'operationally compatible with NATO forces. Of course, it will take time, taking into account linguistic and technical limitations, specific structural characteristics of the RAF.

President Putin in his speech to the Security Council of the RF (28 January 2005) drew attention to this problem. He referred to Russian and NATO plans to work on issues of interoperability of their armed forces, which is a mandatory condition for conducting successful joined operations. However, the MOD has been rather passive in pursuing that goal. S. Ivanov, while speaking about Russia's participation in the peacekeeping operation in Lebanon, mentioned the lack of the legal basis, which should define the status and missions for the Russian peacekeeping military contingents. But interacting in practical peacekeeping operations is the most effective way to improve the interoperability of forces of different countries. Therefore it would be expedient to put on the table Russian suggestions on how to resolve legal problems and to take active part in the formation of joint peacekeeping units.

**There is a great need for initiatives in the arms control and disarmament field.** *Vooruzhennie Sili* urges the need to find ways to fill 'a legal lacuna in the field of strategic arms control, when START-1 expires in 2009'.

This treaty should be extended beyond 2009 and even 2012, when reductions of strategic forces are completed under the 2002 Moscow Strategic Offensive Reductions Treaty (SORT). The list of improvements might include: the correction of rules, related to counting ICBM launches, SLBM and heavy bombers that are subject to reduction under the SORT as well as rules to count cruise missiles on bombers, warheads on ICBM and SLBM. It is particularly important to develop security and confidence building measures to ensure transparency of the current state of strategic nuclear potentials of both sides.

The START-1 contains cumbersome, protracted and costly procedures of exclusion of strategic nuclear weapons from counting; artificial rules of counting warheads, which are not compliant to real numbers of warheads on carriers. In many cases there are excessive monitoring and

confidence building measures (16 types of inspections and 152 kinds of notifications).

If the RF and the USA are really strategic partners in combating new challenges and threats, the existing arrangements could be rationalized without undermining the SNF transparency, taking into account new realities.

In this context **the issue of equipping ICBM and SLBM with conventional high-precision warheads should be addressed.** Concerns over such transformation of limited number of strategic missiles are not convincing. Certainly there is no sign on flying missile or warhead indicating, whether they are nuclear or conventional. Originally, all components of the SNF (ground, navy and air) are considered nuclear.

Firstly, launching of one or even a few of such (conventional) missiles could hardly cause a full-scale nuclear response as warning systems, particularly the ground RLS, could count precisely numbers of launched missiles, a place of launching and could anticipate probable places of warheads landing. Supreme Commanders in Chiefs will not take decisions on massive nuclear strike in response to individual launches. Secondly, Russia has tested recently highly accurate long-distance ALCM with conventional warhead. According to the START-1, those ALCM are considered nuclear but their tests with conventional devices did not generate any crisis. Thirdly, the RF and the USA have had for a long time well-established system of mutual information-in-advance on planned launchings of ground and sea-based strategic missiles. If, for example, Americans decide to launch one or several missiles against some terrorist facilities they would appropriately notify Russia.

To sum up, the RAF should also have highly accurate strategic missiles equipped with conventional warheads. Hopefully, there is development in that direction. Russia has to obtain advanced global information and surveillance system acting in real time to make the use of such missiles effective. It would a fitting response to the calls of the Russian high command to secure intellectual superiority in the military field.

It is necessary to take into account that equipping ICBM and SLBM with non-nuclear warheads for inflicting highly accurate strikes will require considerable time and effort (funds, designing, testing). Currently such missiles are not available in Russia and the USA. Besides, there is a risk that such weapons may appear in future in countries with unpredictable political regimes. These and other considerations require strengthening the international Missile Technology Control Regime (MTCR) and its transformation into a full-fledged multilateral and legally binding treaty.

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The analysis, certainly, does not exhaust all the issues related to the current state of the Russian Armed Forces and their reforming. For example, there are important outstanding problems of public control over the RAF, recruitment of personnel for the Army and the Navy.

The current improvements in the RAF are to a great degree results of sharply increased military expenditure (due to high international demands for Russian energy resources) than of progress in military reforming.

The main directions and issues of the RAF reform should be defined by independent authoritative commissions appointed by the President of the RF and the heads of enforcement agencies, as well as Parliament and the Accounting Chamber (on individual issues).

Russia had previously made successful use of such instruments. But this experience is not being sufficiently used nowadays due to increasing bureaucratization of the political processes.

**ANNEX. KEY DOCUMENTS OF THE RUSSIAN FEDERATION  
ON NATIONAL SECURITY, DEFENSE AND ARMS CONTROL  
(JANUARY – DECEMBER 2006)<sup>1</sup>**

Tamara FARNASOVA

**1. LEGISLATIVE ACTS**

**Federal Law no. FZ 35<sup>2</sup> of 6 March 2006 ‘On Combating Terrorism’**

Passed by the SD on 26 February 2006; approved by the FC on 1 March 2006; signed by the President of the Russian Federation on 6 March 2006.

The law establishes legal and organizational bases of preventing and combating terrorism, of minimization and/or liquidation of consequences of terrorism. It also establishes the legal and organizational bases of the use of the Armed Forces of the Russian Federation in combating terrorism.

**Federal Law no. FZ 40 of 8 March 2006 ‘On the Ratification of the UN Convention against Corruption’**

Passed by the SD on 17 February 2006; approved by the FC on 22 March 2006; signed by the President of the Russian Federation on 8 March 2006.

The Convention entered into force on 14 December 2005. Russia became the 52<sup>nd</sup> party to this international treaty.

**Federal Law no. FZ 56 of 20 April 2006 ‘On the Ratification of the Convention of the Council of Europe on Preventing Terrorism’**

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<sup>1</sup> The unofficial translation.

<sup>2</sup> FZ – federalnyi zakon [federal law].

Passed by the SD on 24 March 2006; approved by the FC on 7 April 2006; signed by the President of the Russian Federation on 20 April 2006.

Russia signed the Convention on 17 November 2005.

**Federal Law no. FZ 63 of 4 May 2006 ‘On the Ratification of the Agreement between the Government of the Russian Federation and the Commonwealth of the Independent States on the Conditions of the Presence of the Antiterrorism Center of the States Participants in the Commonwealth of the Independent States on the Territory of the Russian Federation and of the Protocol “On the Introduction of the Amendments to the Agreement between the Government of the Russian Federation and the Commonwealth of the Independent States on the Conditions of the Presence of the Antiterrorism Center of the States Participants in the Commonwealth of the Independent States on Territory of the Russian Federation’**

Passed by the SD on 14 April 2006; approved by the FC on 26 April 2006; signed by the President of Russian Federation on 4 May 2006.

The Agreement was signed on 21 October 2003, and the Protocol – on 9 June 2005.

**Federal Law no. FZ 99 of 3 July 2006 ‘On the Ratification of the Protocol on the Introduction of Amendments and Additions to the Protocol on the Procedure for the Control over the Assigned Use of the Military Hardware Supplied within the Framework of the Agreement on the Fundamental Principles of Military-Technological Cooperation among the States Parties to the Treaty on Collective Security of 15 May 1992’**

Passed by the SD on 9 June 2006; approved by the FC on 23 June 2006; signed by the President of the Russian Federation on 3 July 2006.

The Protocol was signed on 22 November 2004.

**Federal Law no. FZ 122 of 25 July 2006 ‘On the Ratification of the Agreement between the Government of the Russian Federation and the Government of the Republic of Korea on Cooperation in the Field of Space Research for Peaceful Purposes’**

Passed by the SD on 7 July 2006; approved by the FC on 14 July 14 2006; signed by the President of the Russian Federation on 25 July 2006.

The Agreement was signed on 21 September 2004.

**Federal Law no. FZ 123 of 25 July 2006 ‘On the Ratification of the Protocol on the Procedure of the Formation and Operation of the**

**Forces and Means of the System of Collective Security of the States Parties to the Treaty of Collective Security of 15 May 1992'**

Passed on 7 July 2006; approved by the FC on 14 July 2006; signed by the President of the Russian Federation on 25 July 2006.

The Protocol was signed on 25 May 2001.

**Federal Law no. FZ 127 of 25 July 2006 'On the Ratification of the Protocol on the Introduction of Amendments to the European Convention for the Suppression of Terrorism'**

Passed by the SD on 8 July 2006; approved by the FC on 14 July 2006; signed by the President of the Russian Federation on 25 July 2006.

The RF signed the Protocol on 15 May 2003. The signing was preceded by the following statement: the Russian Federation proceeds from the principle that provisions of Article 4 shall apply in such a way as to ensure the inevitability of the responsibility for the crimes falling under the Protocol, without the damage to the efficiency of international cooperation on matters of extradition.

**Federal Law no. FZ 148 of 27 July 27 2006 'On the Introduction of Amendments to Articles 1 and 15 of the Federal Law "On Combating Extremist Activity'**

Passed by the SD on 8 July 2006; approved by the FC on 14 July 2006; signed by the President of the Russian Federation on 27 July 2006.

Modified Articles 1 and 15 deal with the basic concepts.

**Federal Law no. FZ 153 of 27 July 2006 'On the Introduction of Amendments to Individual Legislative Acts of the Russian Federation in Connection with Passing the Federal Law "On the Ratification of the Convention of the Council of Europe on Preventing Terrorism" and the Federal Law "On Combating Terrorism'**

Passed by the SD on 5 July 5 2006; approved by the FC on 14 July 2006; signed by the President of the Russian Federation on 27 July 2006.

**Federal Law no. FZ 158 of 2 October 2006 'On the Ratification of the International Convention on the Suppression of Acts of Nuclear Terrorism'**

Passed by the SD on 17 September 2006; approved by the FC on 25 September 2006; signed by the President of the Russian Federation on 2 October 2006.

Russia was the first to sign this document (on 14 September 2005).

**Federal Law FZ no. 229 of 15 December 2006 ‘On Ratification of the Agreement between the Government of the Russian Federation and the Preparatory Commission of the Organization for the Comprehensive Nuclear-Test-Ban Treaty on Carrying out Measures in Relation to the Facilities of the International Monitoring System, provided for by the Comprehensive Nuclear-Test-Ban Treaty’**

Passed by the SD on 24 November 2006; approved by the FC on 8 December 2006, signed by the President of the Russian Federation on 15 December 2006.

The Agreement was signed in Vienna on 22 March 2006.

**Federal Law FZ no. 238 of 19 December 2006 ‘On the Federal Budget for 2007’**

Passed by the SD on 24 November 2006; approved by the FC on 8 December 2006; signed by the President of the Russian Federation on 19 December 2006; entered into force 1 January 2007.

## 2. NORMATIVE ACTS

**Directive № 2236-r of the Government of the Russian Federation of 17 December 2005**

On the annual voluntary contribution of the Russian Federation to the budget of the Office of the UN High Commissioner for Human Rights to the amount of \$2 million, starting as from 2006.

**Directive № 2295-r of 23 December 2005 of the Government of the Russian Federation ‘On the Signing of the Agreement between the Government of the Russian Federation and the Government of the French Republic on Cooperation in the Field of Destruction of the Stocks of Chemical Weapons in the Russian Federation’**

**Directive № 38-r of 19 January 2006 of the Government of the Russian Federation ‘On the Adoption of the Mid-term Program of the Socio-economic Development of the Russian Federation (2006–2008)’**

The text of the Program is attached. It sets out objectives, tasks and key directions of the Government’s activity during this period. The Program includes strategies for the development of the defense-industrial complex, aviation, space and rocket industries.

**Decree no. 80 of 7 February 2006 of the President of the Russian Federation ‘On Sending the Military Contingent of the Armed Forces of the Russian Federation for Participation in the UN Peacekeeping Operation in the Republic of Sudan’**

The military contingent includes 200 servicemen and four transport helicopters.

**Decree no. 116 of 15 February 2006 of the President of the Russian Federation ‘On Measures of Combating Terrorism’**

The Decree approves the document on the status of the National Antiterrorism Committee. The Committee is entitled to prepare suggestions for the President on the state policy in the field of combating terrorism and on developing legislation in this sphere, as well as on ensuring coordination of antiterrorism activity of all federal executive organs, executive organs of the subjects of the RF and local organs of municipal self-government.

**Ordinance no. 278 of 7 May 2006 of the Government of the Russian Federation ‘On the Adoption of the Status and Composition of the Military-Industrial Commission under the Government of the Russian Federation’**

The Military-Industrial Commission is a permanently functioning organ managing organization and coordination of the activity of the federal executive bodies for the implementation of the state policy on military-industrial questions and on military-industrial maintenance of national defense, law-enforcement and security of the state.

**Directive no. 591-r of 13 May 2006 of the Government of the Russian Federation ‘On the Conclusion of the Agreement between the Government of the Russian Federation and the Government of the Federal Republic of Germany about the Use of the Financial Assets of the European Union and of the Means Released from the Budget of the Federal Republic of Germany on a Gratuitous Basis for Funding Projects in the Field of Improvement of Physical Protection of Nuclear Installations and Nuclear Material on the Facilities of the Federal Atomic Energy Agency’**

**The Treaty on Cooperation of the States Parties in the Commonwealth of the Independent States in Combating Terrorism**

The Treaty came into force for the Russian Federation on 13 January 2005. The text of this document: see SZRF 2006, no. 22, item 2291.

**Directive no. 276-r of 16 June 2006 of the President of the Russian Federation ‘On the Signing of the Protocol to the Agreement between the Russian Federation and United States of America regarding Safe**

**and Reliable Transportation, Storage and Destruction of Weapons and Prevention of the Proliferation of Weapons, of 17 June 1992'**

**Directive № 868-r of 13 June 2006 of the Government of the Russian Federation 'On the Signing of the Agreement on Cooperation in the Field of Exposing and Blocking the Channels of Penetration of Persons Involved in Terrorist, Separatist and Extremist Activities into the Territory of States Members of the Shanghai Cooperation Organization'**

**Directive no. 1090-r of 9 August 2006 of the Government of the Russian Federation**

On conducting negotiations on Amendments to the Agreement between the Federal Space Agency of the RF and the Defense Ministry of the USA concerning Cooperation in the Liquidation of Strategic Offensive Arms of 26 August 1993"

**Directive no. 1099-r of 11 August 2006 of the Government of the Russian Federation 'On the Conclusion of the Agreement between the Government of the Russian Federation and the Government of the United Kingdom of Great Britain and Northern Ireland regarding the Implementation by Sweden of Assistance in the Destruction of Chemical Weapons in the Russian Federation'**

The directive authorizes the conclusion of the mentioned above Agreement through the exchange of notes.

*List of abbreviations:*

FZ – federalnyi zakon [federal law]

SD – the State Duma of the Federal Assembly of the Russian Federation

FC – The Council of the Federation (Federation Council) of the Federal Assembly of the Russian Federation

SZRF – Sobranie zakonodatelstva Rossiiskoy Federatsii [Statute Book of the Russian Federation].

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