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President Obama's Worldview: Implications for Russia



Philosophy

- Win-Win, Not Zero Sum
- Mutual Respect
- Most Issues Are Transnational
 - Values
 - Security
 - Economic Development

“The pursuit of power is no longer a zero-sum game -- progress must be shared.”

-President Obama, Moscow, July 2009



Mutual Respect

“It's easier to start wars than to end them. It's easier to blame others than to look inward. It's easier to see what is different about someone than to find the things we share. But we should choose the right path, not just the easy path.”

-President Obama, Cairo,
June 4, 2009



Museum of the Great Patriotic War, May 2012

Universal Values

“So we stand up for universal values because it’s the right thing to do. But we also know from experience that those who defend these values for their people have been our closest friends and allies, while those who have denied those rights -- whether terrorist groups or tyrannical governments -- have chosen to be our adversaries.”

-President Obama, UN General Assembly, September 23, 2010

Motivations for Promoting Universal Values

“America supports these values because they are moral, but also because they work...”

The arc of history shows that governments which serve their own people survive and thrive...

Governments that promote the rule of law, subject their actions to oversight, and allow for independent institutions are more dependable trading partners...

Democracies have been America's most enduring allies.”

-President Obama, Moscow, July 7, 2009

Policy Priorities

- Ending Wars
- Fighting Al Qaeda and other terrorists
- Asia Pivot
- “Prague Agenda” on Nuclear Weapons
- Expanding Markets
 - Trans-Pacific Partnership
 - Transatlantic Trade and Investment Partnership
 - Means for strengthening US economy
- Supporting Universal Values

Means for Achieving Outcomes

- Engagement
 - with Friends (strengthening alliances)
 - with Partners
 - with Foes
- Strengthening International Institutions
 - United Nations Security Council
 - Human Rights Council
 - Regional organizations
- Restoring America's Image Abroad
- Use of Force only as Last Resort

Engagement

“We will defend our people and uphold our values through strength of arms and rule of law. We will show the courage to try and resolve our differences with other nations peacefully – not because we are naïve about the dangers we face, but because **engagement** can more durably lift suspicion and fear.”

- President Obama, Second Inaugural Address, January 2013

Obama Worldview Applied to Russia “Reset”



Theory of the “Reset”

1. U.S. and Russia Share Common Interests
2. Need to Develop a Multi-Dimensional Relationship: Security, Economy, Society
3. Increased Engagement Is the Means to Produce Win-Win Outcomes

Theory of the “Reset” (2)

4. Dual Track Engagement:

- Engage Russian government
- Engage Russian business and society



5. Reset relations with Russia while maintaining our relations with other countries

6. Avoid linkage of unrelated issues

Practice of Engagement

Between:

- Leaders
- Governments
 - Bilateral Presidential Commission
- Businesses
- Societies
 - Government engagement of society
 - Peer-to-peer connections



Engagement Leaders, 2009



Engagement Leaders, 2012



Government to Government Engagement: Bilateral Presidential Commission



Engaging Business

Obama and Medvedev Meeting with Russian and American CEOs



Engaging Civil Society



Engaging Political Society



Engaging Youth



Engaging Religious Leaders



Engaging All of Society

Inauguration and Martin Luther King Jr. Day
Spaso House, January 2013



Fostering Peer-to-Peer Contacts

Between:

- Universities (USRF)
- Scientists
- NGO leaders
- Students



International Relations students at Georgetown University & MGIMO discuss the U.S. elections.

People-to-People Connections

Exchanges:

- Chicago Symphony Orchestra
- Herbie Hancock
- Sports Diplomacy - Hockey
- Maya Azucena
- NBA's Basketball without Borders
- Journalist Exchanges



American and Russian ice hockey players meet with Alexander Ovechkin after his practice session in Moscow.



Aaron Sharockman and Ryan Maye Handy at Russian President Putin's press conference at the International Trade Center in Krasnaya Presnya, December 20, 2012

Fields of Unnoticed Cooperation

- Arctic
- Space
- Health and Science
- Environment and Energy
 - Smart Grid Partnership Program
 - Bering Strait Region



Respect

“To begin with, let me be clear: America wants a strong, peaceful, and prosperous Russia. This belief is rooted in our respect for the Russian people, and a shared history between our nations that goes beyond competition. Despite our past rivalry, our people were allies in the greatest struggle of the last century.”

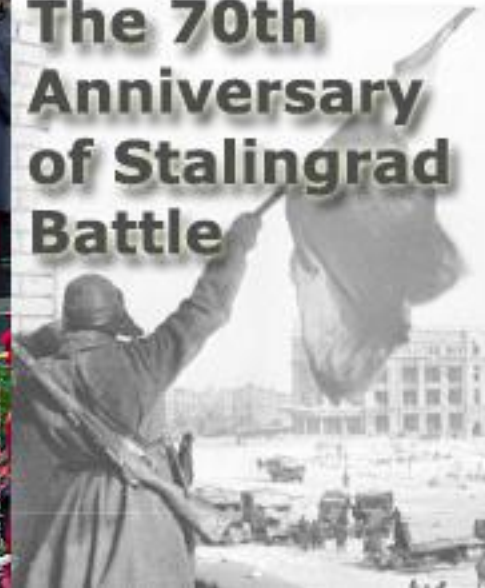
- President Obama, Moscow, July 7, 2009

Mutual Respect: Commemorating Our Shared Past

February 2013



**The 70th
Anniversary
of Stalingrad
Battle**



Mutual Respect

Veterans' Day, November 2012



RESULTS

Ending Wars

Iraq

- Russia supported American military withdrawal
- Russia involved in economic development in Iraq

Afghanistan

- Northern Distribution Network
- Counternarcotics cooperation
- Fuel (contract with Manas Transit Center)
- Mi-17 helicopters and small arms

Afghan Transit and Northern Distribution Network (NDN)

- 2,962 total U.S. flights as of January 7, 2013
 - 529,456 U.S. personnel and troops transited Russia

- Expanded ground and rail transit through Russia, including reverse transit
 - 53% of sustainment cargo goes through the NDN
 - 75% of supplies transiting NDN go through Russia
 - Over 50,000 containers shipped across Russia



Fighting Terrorism

- Common Enemies, Common Goals
- Cooperation
 - Afghanistan
 - Mali
 - Information Sharing
- Some Analytic Disagreements
 - Arab Spring (Yemen versus Syria)
 - Afghanistan (Negotiate or not with Taliban)

Preparing for Future Cooperation



Russian and American Troops Training Together

Asia Pivot

- United States is rebalancing and welcomes Russia's role in Asia
- Russia and U.S. have common interests
- Some initial cooperative efforts
 - APEC in Vladivostok
 - Russian membership in the East Asian Summit

“Prague Agenda”

- New Start Treaty
- Close Cooperation on Iran
 - UNSC Resolution 1929
 - P5+1
- Shared interests in North Korea
 - UNSC Resolution 1874 (June 12, 2009)
 - UNSC Resolutions 2087 and 2094 (January and March 2013)
- Nuclear Security Summits
 - Lockdown of nuclear materials is common goal

Expanding Economic Ties

- Russian Membership in WTO
- Granting Russia PNTR, Repeal of Jackson-Vanik
- New Visa Regime: Russian travel to USA way up.
- 123 Agreement (Civilian Nuclear Cooperation)
- Parallel Business Summits (July 2009, June 2010)
- President Medvedev Visit to Silicon Valley
- BPC, including new Innovation and Rule of Law Working Groups
- G-20

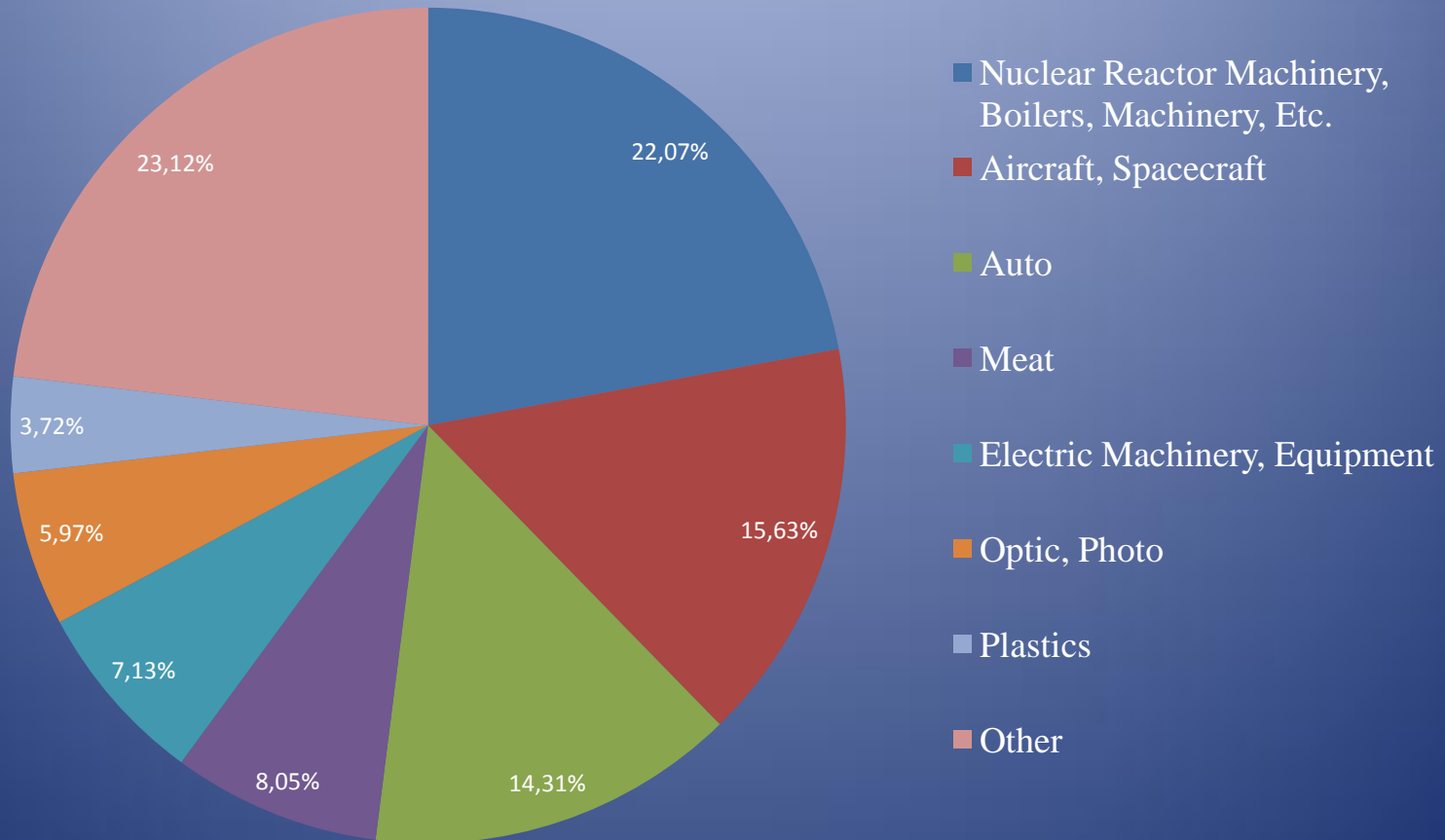
U.S.-Russia Bilateral Trade

U.S. Exports to Russia hit a record \$10.7 billion in 2012.

Russia continues to enjoy bilateral trade surplus.



United States Exports to Russia



Source: U.S. Department of Commerce

U.S. Investment in Russian Economy (1)

Boeing:

- 50 737s to Russian Technologies:
- 16 777s to Aeroflot
- 4 787s to Transaero
- \$9.7 billion in firm orders since 2010

Cisco: \$1 billion investment in high-tech sector

PepsiCo: \$3.8 billion investment in Wimm-Bill-Dann

Exxon-Mobil/Rosneft: Investments potentially up to \$500 billion.
Initial investment will be \$3 billion for first-phase exploration.

GE: New Joint Ventures in Energy and Health Care

- Could drive \$10-15 billion in new sales for GE

U.S. Investment in Russian Economy (2)

John Deere: Opened new \$125 million assembly and parts distribution facility in April 2010

Coca-Cola: Invested over \$80 million to develop Russia business in June 2010; the company has 14 plants and over 60 distribution centers in Russia

Burger King: Opened first restaurant in Moscow in January 2010

Subway: Entered Russia in December 2009 and plans to expand shops from 78 to 1000 by 2015

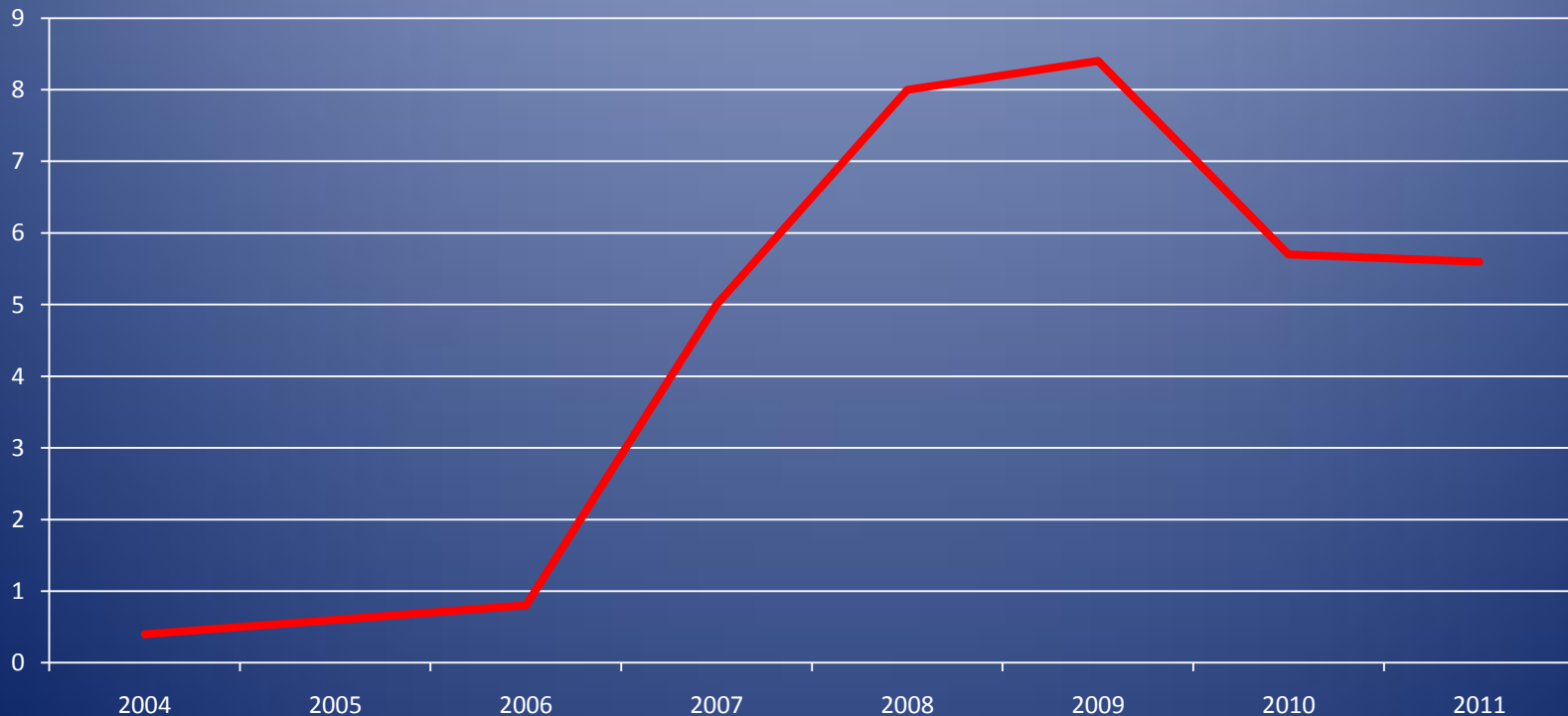
Kimberly-Clark: Opened \$170 million plant in June 2010 to produce diapers

Ford: Formed a joint venture in June 2011 with Russia's Sollers, planning to invest \$1.2 billion

Russian Investment in the U.S. Economy

- From 2004 to 2009, Russian FDI in the U.S. increased from \$420 million to \$8.4 billion
- Russia's FDI stock dropped to \$5.6 billion through 2011, due primarily to major divestitures of Russian steel companies

Russian FDI in the U.S. (\$bn)



Innovation

Bloomberg's Global Innovation Index 2013: U.S. 1st; Russia 14th

Why cooperate:

- Facilitate connections
- create opportunity
- share ideas on increasing the competitiveness of both innovative economies

How:

- Private partnerships: -U.S.-Russia Innovation Working Group:

- Developing connections between innovative regions
- Improving the legal framework for innovation
- Sharing best practices on commercialization

- Spaso Innovation Series:

- U.S. innovation thought leaders to Russia

- Skolkovo- MIT



Engaging Society, Supporting Universal Values: Challenges

- Ouster of USAID
- Information campaign against U.S., inflaming anti-Americanism
- Problematic laws (NGO registration laws, treason law, LGBT legislation)
- Suspension of adoption agreement

Polling: Attitudes toward the US

- **VTsIOM, February 2013:** More than half of Russians today perceive the US positively (**55%**, fall 2012 - **53%**). Only 30% perceive the US negatively (earlier - 32%).
- **Levada Center, January 2013:** 53% of Russians polled have a positive attitude toward the US (vs. 44% one year before)

Near Term Agenda

- Syria
- Nonproliferation (Iran and North Korea)
- Reducing Nuclear Stockpiles
- Missile Defense Cooperation
- Increasing Trade and Investment
- Increasing Society-to-Society Ties

Syria

Shared Objectives

- End the bloodshed and support humanitarian needs
- Avoid state collapse
- Foster political transition that meets the legitimate aspirations of the Syrian people
- Address threats of extremist elements who seek to exploit the situation in Syria and in the region

Disagreements over Means

- How to Structure Dialogue
- Asad's departure

Missile Defense

- U.S. global architecture designed to protect U.S. and allies from North Korea and Iran
- United States has no intention nor capability to undermine strategic stability with Russia
- Cooperation with Russia on missile defense will make both countries more secure

U.S. Missile Defense Architecture Is Adaptive

“As long as the threat from Iran persists, we will go forward with a missile defense system that is cost-effective and proven. If the Iranian threat is eliminated, we will have a stronger basis for security, and the driving force for missile defense construction in Europe will be removed.”

- President Obama, Prague, 2009

The Long Term Agenda

- Avoiding Zero-Sum Competition
- Managing Differences over Values
 - Sovereignty and Universal Values
 - Obama, NES, 2009: “State sovereignty must be a cornerstone of international order.”
 - Obama, NES, 2009: America has an interest “in democratic governments that protect the rights of their people.”
- Getting Beyond Cold War Stereotypes

Let's keep talking



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