

**NOMINATIONS OF THE 112TH
CONGRESS—FIRST SESSION**

HEARINGS

BEFORE THE

**COMMITTEE ON FOREIGN RELATIONS
UNITED STATES SENATE**

ONE HUNDRED TWELFTH CONGRESS

FIRST SESSION

—————
MARCH 16 THROUGH DECEMBER 8, 2011
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Printed for the use of the Committee on Foreign Relations



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S. HRG. 112-399

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U.S. GOVERNMENT PRINTING OFFICE

74-273 PDF

WASHINGTON : 2012

For sale by the Superintendent of Documents, U.S. Government Printing Office
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COMMITTEE ON FOREIGN RELATIONS
112TH CONGRESS—FIRST SESSION

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NOMINATION

WEDNESDAY, OCTOBER 12, 2011

U.S. SENATE,
COMMITTEE ON FOREIGN RELATIONS,
Washington, DC.

Dr. Michael Anthony McFaul, of California, to be Ambassador to the Russian Federation

The committee met, pursuant to notice, at 2:37 p.m., in room SD-419, Dirksen Senate Office Building, Hon. Jeanne Shaheen, presiding.

Present: Senators Shaheen, Menendez, Lugar, Rubio, and DeMint.

OPENING STATEMENT OF HON. JEANNE SHAHEEN, U.S. SENATOR FROM NEW HAMPSHIRE

Senator SHAHEEN. Good afternoon, everyone. Good afternoon, Dr. McFaul.

Senator Lugar and I were at the business meeting of the Senate Foreign Relations Committee, so please excuse us for being tardy, but I think that is probably an excused absence.

This afternoon the Senate Foreign Relations Committee meets today to consider the nomination of Michael McFaul to be the U.S. Ambassador to Russia. I want to welcome Dr. McFaul and his family here and congratulate him on his nomination. Thank you for choosing to take on this new responsibility at such an important time for our country.

It has been over 3 years since the summer of 2008 when the Russian invasion and occupation of Georgia led to perhaps the lowest point in United States-Russian relations since the fall of the Soviet Union. The deteriorating relationship threatened to plunge our two nations back into a new cold war marked by mutual distrust and escalating tensions.

In response, the Obama administration sought to define a new direction, one based on cooperation over confrontation. The "reset," as this new policy has come to be known, was founded on the notion that the United States and its allies had more to gain from a more cooperative relationship with Russia.

It has now been nearly 2½ since the reset button was first pushed in March 2009, and there is little doubt that the shift has produced some significant, concrete progress for the United States, our allies, and the world. The New START treaty is perhaps the

most high profile example of success. Because of New START, the United States and Russia have the fewest deployed warheads aimed at each other since the 1950s. In addition, onsite inspections and data exchanges instituted under New START are providing the United States with a transparent, detailed picture of Russian strategic forces.

We have seen significant cooperation between the United States and Russia in Afghanistan, rather remarkable considering that just over two decades ago our two countries were engaged in a proxy war in that country.

Russian cooperation was critical in passing a fourth round of sanctions against Iran in the U.N. Security Council, and its decision to cancel the delivery of a missile system to Iran was welcomed by the international community.

Some early critics of the reset argued that these efforts would come at the expense of our allies abroad. The facts, however, have proven these concerns unfounded, as our allies in Central and Eastern Europe, for the most part, have been some of the strongest proponents of the shift in our relationship.

One has to see the reset and the concrete benefits it has produced as a success to date. However, the real test of the reset still lies in front of us, not behind us. Whether or not we are able to sustain these initial successes and expand progress on much more difficult, yet still mutually beneficial issues remains to be seen. Areas for further cooperation include missile defense, follow-on arms control agreements to include tactical nuclear weapons, Russia's WTO accession, and additional efforts to stop Iran's nuclear weapons program.

Each of these areas can be a win-win for the United States and Russia, but they are fraught with difficulty. Complicating these efforts is the recent decision by Prime Minister Putin to return to the Presidency of Russia in 2012. Though the White House has said that the reset is about interests and not personalities, there is little question that a Putin Presidency will change the dynamics of the relationship.

And finally, though we do share mutual interests with Russia on a number of critical issues, it is important to remember that we have a significant number of deep disagreements with Russia which cannot be papered over by a shift in tone. Russia vetoed a resolution at the U.N. Security Council condemning the Syrian Government's actions and continues to protect its dictator. Russia's record on human rights and the rule of law is deplorable and by most accounts getting worse. Corruption is rampant and the state of democracy in Russia can only be seen as a failure to date. Russia remains in violation of the 2008 cease-fire agreement with Georgia and continues to illegally occupy Georgian territory. In addition, Russia falsely maintains its right to spheres of influence on its borders, with Prime Minister Putin most recently calling for a Eurasian union of ex-Soviet states.

Despite the improved relationship, we have seen little progress on these disagreements since the beginning of the reset, and so I am going to be very interested, Dr. McFaul, in hearing your thoughts about how the United States can be more effective in finding progress on each of these important areas.

The relationship between the United States and Russia is a complex one with a long and convoluted history. We have been allies fighting side by side against fascism in World War II and bitter enemies threatening nuclear destruction throughout the cold war. It is a relationship marked at times by mutual interests and at others by diametrically opposed values.

But we simply cannot turn our back on this relationship. We will need our strongest, most capable civil servants in Moscow to balance these difficult responsibilities and represent American interests. I believe, Dr. McFaul, that you are up to this challenge, and I intend to support your nomination and hope that we can move forward quickly to confirm you.

[The prepared statement of Senator Shaheen follows:]

PREPARED STATEMENT OF SENATOR JEANNE SHAHEEN

The Senate Foreign Relations Committee meets today to consider the nomination of Michael McFaul to be the U.S. Ambassador to Russia. I want to welcome Dr. McFaul and his family here today and congratulate him on his nomination. Thank you for choosing to take on this new responsibility at such an important time for our country. We look forward to hearing from you about the challenges and opportunities you may face in Moscow.

It has been over 3 years since the summer of 2008 when the Russian invasion and occupation of Georgia led to perhaps the lowest point in United States-Russian relations since the fall of the Soviet Union. The deteriorating relationship threatened to plunge our two nations back into a new cold war, marked by mutual distrust and escalating tensions.

In response, the Obama administration sought to define a new direction—one based on cooperation over confrontation. The “Reset,” as this new policy has come to be known, was founded on the notion that the United States and its allies had more to gain from a more cooperative relationship with Russia.

It has now been nearly 2½ years since the “reset” button was first pushed in March 2009, and there is little doubt that the shift has produced some significant concrete progress for the United States, our allies, and the world.

The New START Treaty is perhaps the most high-profile success. Because of New START, the United States and Russia have the fewest deployed warheads aimed at each other since the 1950s. In addition, onsite inspections and data exchanges instituted under New START are providing the United States with a transparent, detailed picture of Russian strategic forces.

We have seen significant cooperation between the United States and Russia in Afghanistan—a rather remarkable turn considering that just over two decades ago, our two countries were engaged in a proxy war in the country. We have seen the successful implementation of the Northern Distribution Network into Afghanistan through Russia, which becomes even more important as United States-Pakistan relations have deteriorated.

Russian cooperation was critical in passing a fourth round of sanctions against Iran in the U.N. Security Council, and its decision to cancel the delivery of a missile system to Iran was welcomed by the international community. We have also seen Russian cooperation on other less high-profile joint efforts, like science and technology, nuclear security, counterterrorism, health initiatives, and human trafficking.

Some early critics of the reset argued that these efforts would come at the expense of our allies abroad. The facts, however, have proven those concerns unfounded, as our allies in Eastern and Central Europe have been some of the strongest proponents of the shift in the relationship. NATO allies were unanimously in support of the New START agreement, and have lobbied for a more cooperative approach in NATO-Russian relations. A new missile defense program is rapidly being developed in Europe with sites in Poland, Romania, Spain, and Turkey. Further, NATO has increased its visibility in key regions, including the Baltic States, and is expected to make a high-level visit to Georgia led by the NATO Secretary General in November.

One has to see the reset and the concrete benefits it has produced as a success to date; however, the real test of the reset still lies in front of us—not behind us. Whether or not we are able to sustain these initial successes and expand progress on much more difficult, yet still mutually beneficial, issues remains to be seen.

Missile defense is one area for further cooperation; however, Russia remains mired in the false cold war belief that the program is aimed at them. Further arms control agreements are also possible, but any agreement must include the tactical nuclear weapons advantage the Russians have in Europe. Russia's WTO accession is closer than it has ever been; however, significant issues evolving from its continued occupation of Georgian territory need to be resolved. In addition, further Russian support will be needed if we are to stop Iran from its continued pursuit of a nuclear weapons capability. Each of these areas can be win-win for the United States and Russia but are fraught with difficulty.

Complicating these efforts is the recent decision by Prime Minister Putin to return to the Presidency of Russia in 2012. Though the White House has said that the reset is about interests and not personalities, there is little question that a Putin Presidency will change the dynamics of the relationship—likely in a more confrontational direction.

Finally, though we do share mutual interests with Russia on a number of critical issues, it is important to remember that we have a significant number of deep disagreements with Russia, which cannot be papered over by a shift in tone.

Russia vetoed a resolution at the U.N. Security Council condemning the Syrian Government's actions and continues to protect its ruthless dictator there. Russia's record on human rights and the rule of law is deplorable and by most accounts, getting worse. Corruption is rampant, and the state of democracy in Russia can only be seen as a failure to date. Russia remains in violation of the 2008 cease-fire agreement with Georgia and continues to illegally occupy Georgian territory. In addition, Russia falsely maintains its right to spheres of influence on its borders—with Prime Minister Putin most recently calling for a "Eurasian Union" of ex-Soviet states.

Despite the improved relationship, we have seen little progress on these disagreements since the beginning of the reset. I will be interested in hearing from Dr. McFaul today about his thoughts on how the United States can be more effective in finding progress on each of these important areas.

The relationship between the United States and Russia is a complex one with a long and convoluted history. We have been allies fighting side-by-side against Fascism in World War II and bitter enemies threatening nuclear destruction throughout the cold war. It is a relationship marked at times by mutual interests and at others by diametrically opposed values.

We simply cannot turn our back on this relationship, and we will need our strongest, most capable civil servants in Moscow to balance these difficult responsibilities and represent American interests. I believe Dr. Michael McFaul is up to this challenge. I will strongly support his nomination, and I hope the full Senate will quickly confirm him and send him to Moscow.

Senator SHAHEEN. I will officially do an introduction, but I would like at this time to turn the microphone over to the ranking member of the full Foreign Relations Committee, Senator Lugar.

**OPENING STATEMENT OF HON. RICHARD G. LUGAR,
U.S. SENATOR FROM INDIANA**

Senator LUGAR. Thank you very much, Madam Chairman, and I join you in welcoming Dr. Michael McFaul to our committee.

The United States relationship with Russia remains, as you pointed out, critical to many foreign policy priorities, including nuclear nonproliferation, counterterrorism and global energy security, and numerous regional issues in Eurasia. Common interests and economic conditions have created openings for cooperation in specific areas, but we must proceed according to a realistic assessment of what is possible and we should avoid rationing our attitude toward Russia between severe disappointments and excessive expectations.

Last year, the Senate approved the New START treaty for ratification which preserved the foundations of certainty in the United States-Russian strategic relationship. One does not have to abandon skepticism of the Russian Government or dismiss contentious foreign policy disagreements with Moscow to see value in the prac-

tical enterprise of nuclear verification and transparency. In fact, it is precisely the friction in our broader relationship that makes continued engagement on nuclear issues so important. The only nations that would benefit from less nuclear cooperation between the United States and Russia are those such as Iran and North Korea that operate outside international nuclear controls.

The ongoing risks posed by Moscow's nuclear weapons complex were underscored recently when Moldovan authorities interrupted a sale of weapons-grade, highly enriched uranium that reportedly originated in Russia.

Russian-American cooperation through the Nunn-Lugar program and associated efforts has greatly improved controls and security related to WMD materials. The threat that one day weapons or materials of mass destruction will be transferred out of the former Soviet Union remains very real, and such a transfer could have catastrophic results for the United States and the global community. We must make certain that all weapons and materials of mass destruction are identified and continuously guarded and the destruction programs proceed on schedule.

A major challenge for United States policymakers will be to convince Russia to bring transparency to its tactical nuclear weapons arsenal. In the resolution of advice and consent to the New START treaty, the Senate was unequivocal that the next round of arms control negotiations should include Russia's tactical nuclear weapons.

Despite some concrete achievements, we must deal with the reality that United States-Russian relations are likely to be difficult for some time. Russia remains in noncompliance with its 2008 cease-fire obligations in Georgia. Russia's heavy-handed use of its energy predominance over Ukraine, Moldova, Belarus, and the Baltic nations demonstrates that Moscow has not altered its hard-line on regional issues. We frequently face Russian roadblocks in the United Nations Security Council, and the orchestrated transfer of power taking place in Moscow suggests that the civil and political liberties of Russians will remain severely restricted in the years ahead.

We should understand that the outcome of most issues affecting the United States-Russian relationship depends on geopolitical leverage, not simply on our willingness to negotiate. With this in mind, we should continue to strengthen our economic and security relationships with nations in Eastern Europe and Central Asia and the Caucasus. We should also intensify our efforts to open a southern corridor that will circumvent Russia for direct natural gas trade between the Caspian region and Eastern Europe. The next 6 months will be critical in determining which routes, if any, can be constructed to deliver gas to our allies, some of which are overwhelmingly dependent on Russia for their energy.

The United States should also seek to create more ballast in the relationship by broadening the base of stakeholders. American corporate leaders often have functioned as effective advocates for democracy and rule of law overseas. One recent study cited by the *Financial Times* estimates that Russia will experience more than \$70 billion in capital flight this year and that Russia asset values are devalued by up to 30 percent due to political risks created by

Russia's leadership. Russia must meet all technical requirements for accession to the World Trade Organization, an event that could be an important step in locking in economic reforms. In the coming years, negotiation of the U.S.-Russian Bilateral Investment Treaty can provide the United States investors with reliable dispute resolution mechanisms that are currently absent.

I thank the chair again for holding this hearing. I look forward to our discussion of these and many other issues with our witness.

Senator SHAHEEN. Thank you very much, Senator Lugar.

Dr. Michael McFaul currently serves as the President's top White House advisor on Russian policy and the Senior Director for Russia and Eurasian Affairs at the National Security Council where he has served since 2009.

A distinguished academic by trade and a renowned Russian expert who speaks the language, he is widely respected on both sides of the aisle here on Capitol Hill.

He is currently on leave from Stanford University where he is a professor of political science and a senior fellow at the Hoover Institution.

Dr. McFaul has a strong background in democracy promotion and as the former director of the Center on Democracy, Development, and Rule of Law at Stanford and the former codirector of the Iran Democracy Project at Hoover.

Dr. McFaul's background will prepare him well for the challenges and opportunities in Moscow, and we certainly look forward to hearing from him today.

So I hope, Dr. McFaul, that you will take a moment in your opening statement to introduce any family members who are here with you today.

So thank you very much and we will turn it over to you to hear your testimony.

STATEMENT OF DR. MICHAEL ANTHONY McFAUL, OF CALIFORNIA, TO BE AMBASSADOR TO THE RUSSIAN FEDERATION

Dr. McFAUL. Thank you, Madam Chair. I have a longer statement I would like to submit for the record, but I would like to make oral remarks now.

Madam Chair, Ranking Member Lugar, Senator DeMint, other members of the committee, it is an honor to appear before you today, this time, as President Obama's nominee to be Ambassador to the Russian Federation. I am grateful for the confidence that President Obama and Secretary Clinton have shown in me, and if confirmed, I look forward to working with your committee closely.

I am also delighted that my wife, Donna, and my two sons, Cole and Luke—Cole is the bigger one—are here today. Having hosted dozens of democratic activists from around the world at our home in California, Cole and Luke have heard me talk a lot about democracy over the years. So I thought it would be appropriate for them to be here today to witness a democratic process that might have a direct impact on their personal lives.

Senator SHAHEEN. That was "democratic" with a small D.

Dr. McFAUL. A small D. Correct, correct. Thank you.

Unlike my sons, I grew up in Montana and had never met somebody from another country until I went to college. But in debate

class in Bozeman Senior High, I did develop, ironically, an interest in United States-Soviet relations, and in particular, in a simple idea that more direct talk with the Soviets could diffuse tensions and make us and the world more secure.

Stints of study in the U.S.S.R., Communist Poland, and Zimbabwe taught me that sometimes talk alone cannot overcome ideological differences or competing interests and that democracies are America's most reliable partners. Therefore, "Advancing Democracy Abroad," the title of my last book, is not only the right thing to do, it is the smart thing to do.

And yet, even when some differences cannot be overcome, greater communications between countries allows for cooperation on mutual interests in other areas and lessens dangerous misunderstanding.

On January 21, 2009, President Obama gave me the opportunity to test these theories in the real world. The President called for a reset with Russia, animated by the belief that greater engagement with Russia could produce security and economic benefits to the American people. Two additional principles have guided our reset strategy. First, we will not seek cooperation with Russia at the expense of our allies and partners. Second, as we engage with the Russian Government, we also seek deeper engagement with Russian society.

The strategy has produced results. Let me highlight a few.

We dramatically expanded the Northern Distribution Network, as you already noted, which supplies our troops to Afghanistan.

We signed and you ratified the New START treaty.

We passed a new U.N. Security Council resolution this spring, which expanded sanctions against Iran. Russia then canceled the sale of S-300 surface-to-air missiles to Iran.

We have continued to fulfill Senator Lugar's vision of reducing threats from weapons of mass destruction, including an agreement this year to dispose of the equivalent of 17,000 nuclear weapons' worth of plutonium in Russia and the United States.

We also have helped to create more trade and investment opportunities in Russia for American farmers and American manufacturers, including pushing for terms of Russia's WTO accession that will benefit our economy while also making sure that countries like Georgia have their interests addressed.

But the reset is not finished, as you have already observed. Two issues, in particular, require more resetting.

First, European security. We have made progress. In the last 3 years, there have not been gas wars, cyber wars, or military wars in Europe. And yet, Russian soldiers still occupy Georgian territory. Tensions between Russia and Georgia remain too high, and that is why we continue to give this issue our highest priority.

Second, democracy and human rights. President Obama and Secretary Clinton have engaged regularly with their Russian counterparts on democracy, human rights, and the rule of law. And our administration has already issued over 80 statements expressing our concern about democratic erosion and human rights violations in Russia. We have taken actions so that human rights abusers cannot travel to the United States. We have deepened our engage-

ment with Russian civil society, and we continue to provide robust support to Russian human rights defenders.

And yet, trends in Russia suggest that more needs to be done. As someone who has worked on these issues for over two decades now, as the first representative of the National Democratic Institute in Moscow in 1992, as a teacher and writer on democracy at Stanford and at the Hoover Institution, or as a member of President Obama's National Security staff, I have the experience necessary to add vigor to our efforts in Russia on these sets of issues.

President Obama believes that we can pursue our security and economic interests and promote universal values at the same time. If confirmed, I look forward to the challenge of executing his vision as the next U.S. Ambassador to Russia.

Thank you for allowing me to appear here today.
[The prepared statement of Dr. McFaul follows:]

PREPARED STATEMENT OF DR. MICHAEL A. McFAUL

Madam Chairman, Ranking Member Lugar, and distinguished members of the committee, it is a great honor and a privilege to appear before you again today, this time as President Obama's nominee to be Ambassador to the Russian Federation. I am grateful for the President's confidence and for the support as well from Secretary Clinton. If confirmed, I look forward to working closely with the members of this committee to advance and defend U.S. interests in Russia.

I am also delighted that my wife, Donna Norton, and my two sons, Cole and Luke, could be here today with me. For many years, Cole and Luke have heard me talk about the virtues of the democratic process, since I have taught courses on democracy at Stanford for many years and have hosted many democratic activists at our home in California. I thought they should be here to witness a democratic process that might have a direct effect on their personal lives.

Unlike my sons, when I was their age, I had never met an MP from Zimbabwe or a blogger from Iran or discussed the merits of different systems of government. In fact, as someone who grew up in Montana, I had never even met a foreigner until I went to college. But strangely, even while still living in Montana, I did develop an interest in international affairs, and in particular an interest in ending the cold war. In my debate class at Bozeman Senior High School in 1979, I developed the argument that if we could just figure out a way to talk more honestly and directly to the Soviets, we could defuse a lot of tension and make both countries more secure. I took that conviction with me to Stanford University, and in the fall quarter of my freshman year, began to study Russian. Two years later, I went abroad for the first time, not to London or Paris, but to Leningrad. My mother thought I was crazy. She considered California a foreign country.

Several stints of studying in the Soviet Union and then Communist Poland compelled me to adjust my hypotheses about diplomacy developed as a kid in Montana. Sometimes, ideological differences between countries make it impossible to find common ground. Sometimes national interests collide. Regimes, like the U.S.S.R., which repress their citizens are less reliable partners for the United States than democratic allies. And therefore, "Advancing Democracy Abroad"—the title of the last book I wrote before joining the Obama administration—is not only the right thing to do but the smart thing to do.

And yet, while developing these new ideas about the centrality of universal values over time as a student, activist, and scholar, I never completely abandoned my original thesis about the importance of understanding other countries and communicating with their people. Even when some differences cannot be overcome, greater communication between countries allows for cooperation on mutual interests in other areas. And clarifying those disagreements can be useful. Misunderstanding never benefits anyone.

On January 21, 2009, President Obama gave me the opportunity to apply these convictions in the real world. Even before his inauguration, President-elect Obama called for a reset in our relations with Russia. His premise was that through engagement with the Russian Government, we could develop cooperation on some issues that would benefit American security and prosperity. Rather than framing all interactions between the United States and Russia as zero sum contests for power and influence, President Obama proposed that we look for ways to produce win-win

outcomes. As we have looked for such opportunities, the reset has been guided by two additional principles. First, we will not seek cooperation with Russia at the expense of relations with other allies and partners. Second, as we seek broader engagement with the Russian Government, we also have pursued in parallel deeper engagement with Russian society. Borrowing a page from one of my mentors, George Shultz, we call this strategy dual-track engagement.

This new strategy has yielded results.

First, through greater engagement with the Russian Government, we have expanded our northern supply routes into Afghanistan. This complex network of railways, flight routes, and roads known as the Northern Distribution Network, now accounts for more than half of all the supplies that we send to our soldiers in Afghanistan. Since signing a military transit accord with Russia in 2009, we have flown more than 1,500 flights transporting more than 235,000 personnel through Russia. These transit arrangements are a matter of vital importance to our troops as the transit route through Pakistan becomes more problematic.

Second, the President signed and the Senate then ratified the New START treaty. This treaty reduces our nuclear arsenals, but importantly also provides robust verification and transparency measures that will build confidence and predictability on both sides. We thank this committee for all of your efforts in getting this treaty ratified in a timely manner that made sure that our verification efforts experienced no serious disruptions.

Third, on Iran, we worked closely with Russia to craft United Nations Security Council Resolution 1929, which significantly expanded the multilateral sanctions regime. Shortly thereafter, Russia took a very important step by unilaterally canceling a sale of S-300 surface-to-air missiles to Iran. We continue to work closely with Russia to develop additional measures to stop Iran's development of a nuclear weapons program. Most recently, we held constructive meetings with Russia in New York in the "P5+1" format during the United Nations General Assembly on getting Iran to satisfy our common concerns about its nuclear program.

Fourth, on North Korea, we worked together to adopt Security Council Resolutions 1718 and 1874, and we remain committed to denuclearization as our ultimate goal.

Fifth, on Libya, Russia abstained on U.N. Security Council Resolution 1973, which gave international support for NATO's successful campaign to protect Libyan civilians.

Sixth, we have continued to work with Russia to follow through on the vision of Senator Lugar and former Senator Nunn to enhance the physical security at Russia's chemical, biological, and nuclear research, production and storage facilities. Last year, Secretary Clinton and Foreign Minister Lavrov signed the Plutonium Management and Disposition Agreement, which will transparently dispose of the equivalent of 17,000 nuclear weapons worth of plutonium. Russia and the United States have worked closely through a well-documented series of bilateral and trilateral programs to improve Russian, U.S., and worldwide nuclear security and have also joined forces to thwart nuclear smuggling as cases arise.

Seventh, with your support, the 123 Agreement with Russia entered into force in January. This agreement provides a solid foundation for long-term United States-Russia civil nuclear cooperation; commercial opportunities for U.S. industry in Russia; and enhanced cooperation on important global nonproliferation goals.

Eighth, we have worked closely with the Russian Government to create the permissive conditions for more trade and investment between our two countries. Most importantly, the administration has been actively supporting Russia's accession to the World Trade Organization, since Russia's membership in the WTO will create new markets for U.S. exports and increase opportunities for U.S. companies, farmers, ranchers, investors, and workers. As a WTO member, Russia will have to lower tariffs, liberalize the conditions under which American services can be sold in the Russian market, and comply with more transparency rules. There are two key outstanding issues related to Russia's accession: Georgia and Jackson-Vanik. As you know, the WTO operates by consensus. That means Georgia must agree to Russian accession, something it has yet to do. The Government of Switzerland has helpfully volunteered to serve as a mediator helping Russia and Georgia resolve their trade-related issues. We have made it clear to Russia that there is no way to go around Georgia: the two countries must resolve their differences through the mediation process. We believe the Swiss have formulated a fair, creative, and balanced proposal that can work, but the parties themselves must find that it is in their interest to come to agreement.

In order for U.S. businesses, farmers, and workers to receive the maximum benefit from Russia's WTO accession, however, we will need to give the same unconditional permanent normal trading relations treatment to Russia's goods that we pro-

vide to those of all other WTO members. That commitment requires us to terminate the application of the Jackson-Vanik amendment and extend permanent normal trading relations to Russia. We look forward to working with you closely to terminate the application of Jackson-Vanik to Russia before Russia joins the WTO. Jackson-Vanik long ago achieved its historic purpose by helping thousands of Jews emigrate from the Soviet Union. Four decades after Jackson-Vanik was passed, a vote to grant Russia PNTR is a vote to help our economy and create jobs. At a time when we need to increase exports to preserve and create American jobs, we cannot afford to put our farmers, manufacturers, and workers at a disadvantage when competing against other WTO members for market share in Russia.

In addition to supporting Russia's WTO membership, the Obama administration has actively supported several major trade and investment deals completed in the last 3 years. For instance, Boeing has secured several major sales to Russian airlines in the last 2 years, worth roughly \$11 billion, and securing tens of thousands of American jobs. ExxonMobil, GE, Caterpillar, John Deere, GM, Ford, Nike, International Paper, FedEx, Pepsi, Procter and Gamble, Cisco, and Visa are just a few of the many American companies successfully doing business in Russia and supporting job creation here in the United States. They all report to us that the reset has created a better environment for their businesses. If confirmed, I will continue to do all that I can to support the growth of this economic activity.

As a means for enhancing our engagement of both the Russian Government and society, the administration created the U.S.-Russia Bilateral Presidential Commission, which now has nearly two dozen working groups working on everything from trade and investment to energy efficiency to basketball. In fact, President Obama even took a few shots at the White House with a visiting Russian high school basketball team last year. He also attended a summit between American and Russian civil society leaders in Moscow in 2009, underscoring that government actors—including even the President of the United States—must not only facilitate contacts between Russian and American civil society organizations, but also interact directly with these nongovernmental leaders, even when they have critical messages to convey.

This comprehensive list represents a positive record of achievement for the Obama administration regarding security and economic issues of the highest importance to our country. Supplying our troops in Afghanistan, reducing the number of nuclear weapons in the world, preventing Iran from acquiring nuclear weapons, creating jobs in America—these are all core national interests for the United States. Moving forward, however, we still seek to reset our relations with Russia on other issues.

For instance, European security. We have made progress, but more needs to be done. Russia's relations with its neighbors had been deteriorating at an alarming pace. There were gas wars, cyber wars, and most tragically, a military war in August 2008. From the very beginning of the administration, we sought to reverse this dangerous trend, first by reassuring and strengthening our security ties with our NATO allies, and second by deepening our relations with Russia as a way to give Russia more to lose from coercive behavior.

Our strategy has yielded dividends. While there is much more to be done, wars of any kind in Europe today, including renewed conflict between Russian and Georgia, are much less likely today than 3 years ago.

And yet, while the probability of conflict between Russia and Georgia has decreased, the potential still remains. There are clearly issues on which the United States and Russia are not going to agree—and Georgia is one of them. Whether in bilateral meetings with the Russians, at international organizations or in multilateral settings, we have consistently and adamantly defended Georgia's territorial integrity, while also providing critical political, economic, and defense-related support to the Georgian Government. President Obama, Vice President Biden, and Secretary Clinton have been clear with the Russian Government on the need to meet its obligations under the 2008 cease-fire agreement and our serious and ongoing concern over the Russian military presence in the breakaway regions of South Ossetia and Abkhazia. There are no military solutions to this impasse, only diplomacy, and we have participated in multiple rounds of talks moderated by the EU, the U.N., and the OSCE in Geneva to encourage dialogue between the parties. If confirmed, I will continue to make progress on this issue one of my highest priorities.

We also have far more work to do to get Russia to join the growing international consensus on Syria. The Russian veto of the U.N. Security Council resolution on Syria on October 4 was a big disappointment. We cannot allow the Security Council to lose its moral voice when the human rights of innocent people are so grossly violated.

Resetting our relations on issues of democracy and human rights also requires more work. Since 2009, the Obama administration has developed and executed a new approach for advancing democracy and defending human rights in Russia.

First, we have elevated these issues in our interactions with Russian Government officials. President Obama has regularly engaged with President Medvedev on democracy, human rights, and the rule of law. The same is true for Secretary Clinton when she meets with Foreign Minister Lavrov and other senior Russian Government officials. Moreover, U.S. Government officials have spoken out publicly and consistently about democratic erosion and human rights abuses in Russia. We created a Web site to catalogue our public pronouncements, which now contains over 80 statements related to democracy and human rights issues in Russia (<http://www.state.gov/p/eur/ci/rs/c41670.htm>). Under the Bilateral Presidential Commission, we created a special working group in civil society, which I personally cochaired, to establish a formal venue for discussing these issues. Sometimes those sessions have been testy, but we continue to believe that dialogue—even tough dialogue—is better than no contact at all.

Second, for those in Russia who abuse human rights, we have taken measures to ensure that they cannot travel to the United States. We have done so both for government officials implicated in the wrongful death of Russian lawyer, Sergey Magnitsky, but also in other cases in which gross violations of human rights occurred.

Third, U.S. Government officials actively engage with Russian nongovernmental leaders and encourage peer-to-peer engagement between American and Russian civil society leaders. During his trip to Russia in July 2009, President Obama met with hundreds of civil society leaders as well as opposition political figures. Vice President Biden, Secretary Clinton, and other senior U.S. Government officials have made it a practice of meeting with civil society leaders and opposition political figures during their visits to Russia. Russian and American NGOs organized two civil society summits in 2009 and 2010 in which our administration participated. Under a new initiative, these annual United States-Russian civil society summits will continue annually.

Fourth, the Obama administration—working with the U.S. Congress—has continued to secure funds to support civil society, rule of law, human rights, independent media, and good governance in Russia. We have prioritized support for small, direct grants to Russian civil society organizations. Working with Congress, we continue to seek new ways to generate greater support for civil society organizations in Russia. For the upcoming parliamentary and Presidential votes in Russia, we have allocated \$9 million—\$1 million more than spent for the previous round of national elections in 2007–2008—to support activities designed to strengthen free and fair elections.

The sum of these efforts constitutes a robust strategy for supporting democratic change and civil society development in Russia. And yet, the limited results regarding democratic development in Russia over the last several years suggest that we must do more. As someone who has worked on these issues for over a quarter century—be it as the first representative of the National Democratic Institute in Russia in 1992, as a professor teaching and writing on democracy at Stanford University and the Hoover Institution, or as a member of President Obama's National Security Staff—I have the experience necessary to add vigor to our efforts in Russia, if confirmed by you.

President Obama believes that we can pursue our security and economic interests and promote universal values at the same time. If confirmed, I look forward to accepting a new challenge presented to me by President Obama and Secretary Clinton of trying to pursue this vision as the next U.S. Ambassador to Russia.

I am humbled by the President's decision to nominate me to this position, and I am grateful to the committee for inviting me to appear before you today and for considering my nomination.

I look forward to answering your questions.

Senator SHAHEEN. Thank you very much.

I want to start with where you ended, and that is, what do we do to address democracy promotion in civil society? As you point out, more does need to be done. And so if confirmed as Ambassador, how would you take on that issue?

Dr. McFAUL. As I mentioned in my remarks, the Obama administration has developed a strategy. We call it a dual track engagement strategy. And let me tell you honestly we stole it from Ronald

Reagan and my mentor and colleague, George Schultz, at the Hoover Institution. The idea is a simple one, that we are going to engage with the Russian Government on our national interests, and it would be wrong of us to not engage with them when we have serious security interests and economic interests at stake. In parallel, we are going to engage with Russian civil society.

Now, in both tracks we have tried to raise democracy and human rights in both the governmental track and the civil society track. So, for instance, President Obama, from the very first meeting he ever had with President Medvedev, actually discussed the beating of a human rights activist. Lev Ponomarev is his name, an old friend of mine, by the way. The night before their meeting, he was beaten, and in the first meeting that the two Presidents ever had, President Obama raised the issue and has continued to do so, and not just the easy issues, by the way, very difficult issues including criminal cases against people like Mr. Khodorkovsky. The two Presidents have discussed that at length.

Second, as I said in my opening remarks, we continue to speak publicly, not just privately, about these issues, and we talk about the wide range of issues when we see instances of democratic erosion or human rights abuses.

Third, as I have stated in my opening remarks, we have made sure that human rights abusers do not come to this country.

With respect to Russian civil society, we have done a number of new things in that area as well. We engage directly with Russian Government officials, with Russian civil society leaders. So, for instance, when President Obama traveled to Moscow, he met with President Medvedev. He met with Prime Minister Putin. And then he spent the entire second day of his time in Moscow meeting with civil society leaders, business leaders, and members of the opposition. We support something that we call peer-to-peer engagement between American civil society leaders and Russian civil society leaders, and we support that with bilateral assistance, roughly \$40 million, that goes directly to this kind of support, of course, with your support as well.

We need to do more. We need to create the space for those organizations to do their job. And if confirmed as Ambassador, I look forward to that challenge to do that personally, given the long ties I have to that community in Russia.

Senator SHAHEEN. Other than preventing violators from coming into the United States, most of what you have described has been on the carrot side. Are there other sticks that we should be looking to employ to provide incentives or disincentives for Russian behavior in this area?

Dr. McFAUL. In the Obama administration, we have a firm belief that we should listen to the activists on the ground, those who are on the front line. It is easy to sit here and say they should do this, they should do that. It is a lot harder to be in Russia or harder even yet Udmurtia or Siberia or places that do not get as much attention.

When we talk to these people, they have asked us to do two things, and I would say these are familiar themes. One is speak out when their rights are violated and, two, provide support to what they are trying to do. And by that support, they want rhetor-

ical support, but they also want financial support, to be very blunt, and without that, that support that comes from the United States and other European countries, there are not other places for them to go for that kind of support. So I would emphasize that this could be an issue that we should work on with Congress to find new avenues and new ways to support those people more directly.

Senator SHAHEEN. I do not know if Senator Cardin is going to be here, but I know that he has discussed his legislation with you, The Sergey Magnitsky Rule of Law Accountability Act. And I wonder if you could talk about whether that kind of legislation is effective in moving the Russians or not.

Dr. McFAUL. Well, first, if he does not show up, please pass on my applause to Senator Cardin for the leadership that he has focused on this particular case, the wrongful death of Sergey Magnitsky but more generally, I would say, for raising this issue as something where action should be taken.

I have to say personally as a U.S. Government official, the hardest day of my life, without question, was the day that I met Sergey's mother in Moscow and brought public attention from the United States, from President Obama, to what happened to her son. And I was also honored that Senator Cardin invited me to speak at the premiere of the documentary film on Sergey Magnitsky that you hosted up here. I say all that to point out and to underscore that we take very seriously what happened to Sergey Magnitsky and remind everybody that the attention that he has received because of Senator Cardin's good work is fantastic. These kinds of human rights abuses happen every day.

So we did take action, prodded by the legislation. We now have in place, through the authorities that Secretary Clinton already had, denial of visas to human rights abusers from Russia. And I would add they are not just affiliated with this case.

Moreover, we have taken more action than that. Last August, President Obama signed Presidential Proclamation 8697 which, in effect, internationalizes what Senator Cardin was seeking to do in his legislation. And we are very proud of that fact that we have done this, that this is not just an issue for Russia. This is an issue that unfortunately happens in many countries around the world. And with that Presidential proclamation, Secretary Clinton and the State Department have new authorities now to do the same for violators around the world.

And finally, I would say we have raised these concerns privately and publicly. I have been with President Obama when he has raised these issues. I know Secretary Clinton has. I have been with her when she has raised them with Foreign Minister Lavrov and will continue to do so.

Senator SHAHEEN. Thank you very much.

I should point out that I am also a cosponsor of that legislation.

Since my time is almost expired, I am going to turn it over to Senator Lugar.

Senator LUGAR. Thank you very much, Madam Chairman.

Fifteen years ago, Senator Nunn and I created or helped create the International Science and Technology Center in Russia to prevent the proliferation of WMD know-how and technology from the former Soviet Union. The ISTC has peacefully reemployed thou-

sands of former weapons technicians for WMD destruction and become a center for technology cooperation with more than 70 U.S. companies.

Now President Medvedev recently signed a decree that would terminate Russian participation in the ISTC. At a time when institutional cooperation is as important as ever, what has been your response to Russia's withdrawal from the ISTC and what further action can we take?

Dr. McFAUL. Well, let me start, Senator Lugar, by again thanking you for the vision that you have given to this set of issues over the last 20 years. You may not remember, but I was a young Ph.D. student working for a fellow by the name of Bill Perry before he was Secretary Perry. I remember meeting you back then. And when I think about over the last two decades what you have done, what Senator Nunn has done, what various administrations have done in terms of making the world safer through Cooperative Threat Reduction and its sister programs at the Department of Energy and the State Department, it is a remarkable, innovative program, that we are all safer as a result of that. So I want to start with that.

Second, you know better than most, but I think he has made very clear how seriously President Obama takes this set of issues. He laid out an ambitious agenda in his Prague speech. He then hosted the first nuclear security summit here in Washington last year, and we are now making preparations for the Seoul summit next year. I hope you can attend.

And I would say two things with respect to Russia and then get to the ISTC that you mentioned.

Although we made tremendous progress, I want to remind the committee that there is still a lot more work to be done in Russia. I think sometimes we think, well, this is no longer an issue; we need to move on to third countries and other issues. It is not. There is still a lot of work to be done, and the vast majority of these weapons of mass destruction are in our two countries and the security of them in Russia still remains a top priority for our administration.

Second, with your guidance, we also seek to cooperate with Russia in third areas, and I think we will hear more about that when we meet in Seoul next year.

With respect to the ISTC, again I think the historians will judge. I used to be a historian, and I have talked to people who have written about this. I think it was a fantastic achievement at a very important time when you remember what was going on with the collapse of the Soviet Union. I know you remember that. I do not know if my boys over here remember, but it was a very scary time when I was living there when you thought about all the stuff that was there not locked down, insecure, and you did not know what the future of the Russian state was going to be. We now know in retrospect this has been a relatively peaceful collapse of the Soviet Union, but at the time when you were initiating our thinking about this, we did not know that. And ISTC ensured that some dangerous things that could not happen did not happen. And I know it is always hard to document as a social scientist the events that do

not happen—right—the dogs that do not bark. But I think on this particular set of issues, we have to remember that.

With respect to the center, our administration has been involved now for 2 years in active negotiations seeking to preserve it. We still think it should be preserved. We have not been able to reach agreement with Russia yet. We continue to do so, and in particular, we continue to try to think about new ways to frame the agenda that more appropriately meets the challenges that we have today. But I want to be honest. Right now we have not reached agreement with the Russians yet.

Senator LUGAR. Well, I appreciate your response very much because I am hopeful as Ambassador you will be able to work in behalf of the center and/or other ways in which the dangers are decreased because clearly many people, as you have pointed out, say, well, the real problem now is Iran potentially or North Korea and so forth. The Russians. This is old hat. But the facts of life are that the bulk of nuclear weapons are still in our country and in Russia. That will be the case for a long time. And the danger is not only of that but the personnel involved with that and the proliferation of ideas or leadership or what have you is really critical for both of our countries. So I am hopeful you will be able to make headway there, and we look forward to working with you.

On another issue that you have worked on very hard. The Senate made clear in the resolution of advice and consent of the New START treaty, the next round of arms control negotiations would have to address Russia's excessive and opaque tactical nuclear weapons arsenal. Russia has refused to negotiate over these weapons. Why in your view has Russia taken such an intransigent view over the next round of negotiations? What is your hope as to when this next round might occur and under what circumstances?

Dr. McFAUL. Well, Senator, we have made very clear to our Russian counterparts that the next round of negotiations has to include the weapons you just mentioned, nonstrategic weapons. We have a kind of general agreement that these negotiations have to take place and, obviously, in consultation with our allies because this affects European security.

To answer the question, to explain, because you asked me to explain why Russia has resisted, I would say right now the answer they give to us is we want to have a holistic view. And in particular, they want to discuss issues of missile defense. They have made that clear, that without some progress in a pretty profound disagreement we have with them right now about missile defense, on certain aspects of that, they are not going to move forward with those negotiations.

We continue to negotiate. We have a team over there right now in Moscow negotiating on these set of issues. We have started something that we call "strategic stability talks," and per our commitment to you during the ratification of the New START treaty, we fully expect that the next round will include those weapons.

Senator LUGAR. I would mention, as you well know, this is of great interest to many of our friends in Europe. The new Ambassador to the United States from Germany mentioned this in a conversation we had yesterday and Volkarua who is back in Washington visiting with some. In fact, the Germans have tactical

nuclear weapons. They are not unique but they are an important country. So that the question is not simply a bilateral one, but it is one of total European security or world security for that matter. But as you point out, the missile defense situation, which obviously the Germans and others are also involved, is either a complicating factor or one that has to be taken into consideration. So I am hopeful that during your tenure there, you will be able to help make progress and to inform the administration as to how the arms negotiators might do so.

I thank you.

Senator SHAHEEN. I would like to pick up on the missile defense question because it is an area—as I know you remember, that was a big point of contention during the New START treaty debate. As you point out, as Senator Lugar pointed out, the Russians continued to express their concerns with NATO's phased adaptive approach.

So maybe you could talk about what the status of discussions on missile defense cooperation are currently and whether, given our historical differences on this issue, it is realistic to think that we can reach agreement.

And then if you could comment on the statement by the current U.S. Ambassador to Russia earlier this month when he said he was confident that Russia and NATO would reach a cooperative agreement by the NATO summit in Chicago in May 2012. Do you agree that that is realistic? So if you could address all of those.

Dr. McFAUL. Thank you, Senator.

Let me first start by reminding everyone that we very militantly kept out any discussion of missile defense from the New START treaty negotiations. Having been personally involved in that from the beginning to the end, I can tell you that at every stage of the way, including when President Obama himself personally was involved in the negotiations—and he probably was more than he wanted to be, by the way. But that was never an issue, and there were no side deals done and there are no constraints in that treaty whatsoever. Let us also be honest. The Russians wanted that and we resisted that to the very end.

Second, we have continued to roll out and deploy EPAA, as you mentioned, in a rather rigorous and vigorous way as we had committed. It started in March 2011 with the deployment of the USS *Monterrey*, an Aegis missile ship. September 13, we signed a deal with the Romanians. The 14th, we signed a deal with the Turks about a radar. September 15, we extended our agreement with Poland. And then just last week, the Spanish agreed to host other Aegis ships. So we are moving forward with or without Russian cooperation on missile defense, and I think it is important for people to understand that we are going to do what is necessary to protect ourselves and our allies with or without the Russians.

With respect to Russia, we believe that our security, the security of our allies, and the security of our partners in Europe can be enhanced through cooperation with Russia. That is our working assumption. And in particular, tracking data that Russia has better access to, or earlier, and the sharing of that data could make both Russia, NATO, and our partners in Europe more secure. And

so that is why we have had a very vigorous program of trying to negotiate to get that started.

Last fall in Lisbon, I think we had a very productive exchange with President Medvedev at the NATO-Russia Council where we committed to seeking some kind of an agreement.

But of late, the negotiations have been difficult. In particular, they have broken down over a Russian demand that we sign a legally binding agreement that we will not undermine their strategic deterrent. And what we have responded to that is our missile defense systems are not aimed at Russia, and we do not seek to undermine strategic stability. And at the same time, we are not going to sign any legally binding agreement that would in any way constrain our missile defense systems. Because Russia believes, wrongly in our view, that phase 4 of the EPAA would be a threat to their ICBMs, we are at an impasse right now on those negotiations.

We will continue to work it. We will continue to talk to them. After all, a lot of this is about physics. This is not about perceptions. And we will see what we have as we prepare for the summit next May. I am not optimistic right now, but we are going to continue to work this issue.

Senator SHAHEEN. So it is not likely, based on what we know now, that we will have an agreement by the time of the summit next May.

Dr. McFAUL. I would put it this way. We want to maintain progress, and I think it is important for everyone to remember how neuralgic this issue has been for decades in United States-Soviet and United States-Russia relations. So no one should be surprised that after one meeting in Lisbon, that we have not been able to find missile defense cooperation with Russia in the last several months. I most certainly am not surprised by that. I think it is going to take a lot of hard work. I think it will take work by experts and track 2 folks to help educate our societies about what is a real threat and what is not a threat. And so our objective, as the Obama administration, is to continue to find progress, however incremental, as we move toward the NATO summit and well beyond that because I suspect we will be working this issue not just for the next month but for years and years to come.

Senator SHAHEEN. Thank you.

As a cochair of the Atlantic Council's Georgia Task Force, tomorrow I am going to be among those who release a new policy report providing recommendations for the United States, Europe, and Georgia on how we can advance Georgia's Euro-Atlantic integration. And as I know you are aware, one of the big stumbling blocks remains Russia's occupation of Georgian territory, and we have seen little progress on this issue. In fact, some would say that things have gotten worse since the cease-fire agreement was signed.

So how can we take on Russia's continued occupation of South Ossetia and Abkhazia, and how can we make progress with Russia on this issue? And if you could also speak to how you see your role as Ambassador in addressing this issue.

Dr. McFAUL. Well, thank you.

Obviously, we consider this to be a very serious issue. That is the reason I mentioned it in my opening remarks. We reaffirm, whenever we can, Georgia's territorial integrity, and strengthening Georgia's security remains a top priority for the Obama administration. We do that in a multifaceted way, and if I may, let me tell you about some of these.

First, on the diplomatic front, we do several things and we continue to do so. We seek to dissuade other countries from recognizing Abkhazia and South Ossetia, and in the spirit of the dogs that do not bark, those are important achievements that that has not gone forward further than it should. Here we radically disagree with the Russians, and we do when the Presidents meet. We do when Secretary Clinton meets with Foreign Minister Lavrov, and I will continue to do so if confirmed as Ambassador to Russia.

Second, we affirm Georgia's territorial integrity in multilateral negotiations, whether that is over the CFE regime or the WTO accession. We are very persistent in those multilateral forums.

Third, we support Georgia's Euro-Atlantic aspirations. We continue to do that.

Fourth, we continue to press Russia to adhere, as you rightly pointed out, to the 2008 cease-fire agreement which we believe they are not respecting.

Fifth, we continue to push for international monitors and greater humanitarian access to Abkhazia and South Ossetia.

And sixth, we work directly with Moscow to try to reduce the pressure and sometimes coercive pressure that they put on Georgia. Part of our argument and part of what we have tried to do is to develop a substantive relationship with Russia so that the costs of coercive behavior in that part of the world are higher to Russia than they may have been 3 years ago. President Obama has personally engaged President Medvedev on these sets of issues, and we will continue to do so throughout.

Second, it is not just diplomatic but it is in our economic assistance working with you all here at the U.S. Congress to try to support what Georgia is trying to do internally. We believe, like you do—I have a copy of the report—as you note on page 2, that supporting Georgia's consolidation of liberal democracy is actually a very important part of making Georgia more secure. And second, as you also note in this report, supporting economic growth in Georgia we think is also an important component of making Georgia more secure.

And third, I would add, especially given some recent events in the region, we need Georgia to succeed as a democracy because at a time when other countries that we had greater hopes for—there are some very troubling things happening, including just in Ukraine yesterday. When a democracy in the post-Soviet world can succeed, that sends a very powerful message, again, to the small "D" democrats throughout the region. So that is why it is important that we do that on the second front.

And third, in terms of military terms, we seek broad cooperation especially in two fronts. First, on the comprehensive reforms that Georgia is undertaking to modernize its ministry of defense, and second, in the training and equipping of Georgian soldiers that are serving with us in Afghanistan. And let me just mention that in-

cludes military service and it includes training of soldiers that are very important to us. They have lost 11 soldiers now; 50 have been wounded. We consider these very important contributions to the way we look at security and what we are trying to do in Afghanistan.

Senator SHAHEEN. Thank you.

Senator Lugar.

Senator LUGAR. I would like for you to consider a couple of issues sort of side by side. One is that in 2007, Russia suspended implementation of the Conventional Armed Forces in Europe Treaty and has not provided any CFE data since that time. Despite the attempts by the United States to revive the treaty, these have been rejected by the Russians.

Now, at the same time, France recently concluded an unprecedented sale of military equipment to Russia in the form of Mistral amphibious assault ships. Subsequently other NATO allies, including Spain, Italy, and Germany, have reportedly contemplated comparable sales.

Now, on the one hand, there are reports that Russia has an ambitious modernization plan for its conventional forces. This is one reason for asking for the CFE data so that they—we, and the Europeans have an idea. At the same time, there are also reports that things have not have progressed quite so rapidly as Russians might have suggested, that the conventional forces have not grown that dynamically.

How does the weapons purchase business fit together with whatever is occurring, and what is your judgment of, in fact, where the conventional forces are, quite apart from whether we can revive, for the sake of transparency and international reassurance, the CFE Treaty?

Dr. McFAUL. Thank you, Senator. There are a lot of complex issues here that you have mentioned.

With respect to the CFE Treaty, we initiated earlier this year—Ambassador Nuland was our negotiator—a very rigorous and comprehensive set of diplomatic interactions with our allies and with Russia to try to come up with a framework agreement to try to enhance and expand the CFE regime.

Frankly, the talks have broken down with Russia despite the efforts of Ambassador Nuland. There are some smaller issues, but the main issue of where Russia could refuse to accept the definition that every other signatory to the CFE Treaty accepted was over the issue of host nation consent. And here, obviously, we are talking about Georgia.

So we are not optimistic that there will be a way forward right now, and before the next set, the planned set of exchange of information this December, as you well know, occurs, we are now consulting with our allies about how best to form a unified policy about what to do before that December deadline. And I expect you will be hearing from us very shortly on that.

With respect to other bilateral sales and the modernization, I think you are right in your assessment that the modernization inside Russia has not gone as fast as some would like. It is a debate in Russia, just so you understand. In fact, the Finance Minister of Russia recently resigned just a few days ago over a dispute that

he had with President Medvedev over how much of their budget should go to these efforts and to expanding Russia's military. So there is not a firm agreement on that. It is a real domestic issue in Russia.

With respect to other countries' sales, I do not think I should comment on that other than to say we noted what President Sarkozy said when he was in Tbilisi just a few days ago affirming many of the same things that I just said about our joint project to affirm Georgia's territorial integrity and to enhance Georgia's security.

Senator LUGAR. This is an oversimplification, but some analysts have indicated that as oil and natural gas increased in price worldwide, economic problems that were severe for Russia began to dissipate. And as a matter of fact, during President Putin's regime when much of this happened, there became general approval of the central government because the military could be paid, so could civil servants, so could most Russians achieve some degree of prosperity. Others have noted what goes up can come down.

Therefore, I am curious as a student of Russia, as you have been, to what extent is the Russian budget really dependent still upon these external sources in that it does not appear, given President Medvedev's leadership, there has been the kind of dynamic or even large investment from abroad in what was hoped to be a Silicon Valley type situation or various other ways in which Russians could make money. The dependence upon these resources still seems to be there and as you mentioned, the conventional forces and their defense budget, as we are having this debate in our country, how much our defense budget depends upon how our own budget business works out. This must be a more severe problem for Russians given the huge cyclical changes in these energy prices.

Dr. McFAUL. Well, Senator, I have learned in 3 years working at the White House, that I am no longer allowed to be just a student of Russia. I am an administration official before you. I look forward to the freedom of Stanford and Hoover some day in my future.

But let me give you a more serious answer. I think your analysis is absolutely right. I think the coincidence of the rise of oil prices over the last 10 years before 2008 and the rise of Russia's economy was not a coincidence. That correlation is firm. And by the way, that correlation goes back further. You can see the rise and fall with the Soviet Union as well.

Russia did experience an economic crisis like the rest of the world in 2008 and 2009, and that sparked a very serious debate inside Russia that continues to this day. And I would just oversimplify to say—it is exactly along the lines you just described, which is some realize that just relying on the export of oil and gas is not a future to the 21st century or the 22nd century. And some day that will run out. That is cyclical. And if Russia just does that, they are going to fall off the charts in terms of the largest economies and their place in the world.

President Medvedev believes that. He has made that very clear. And as you noted, he has talked about economic modernization and, in particular, trying to capture—which after all are some of the most educated people still in the world, especially in math and

physics. And he has initiated this idea that we need to have our own Silicon Valley too. He traveled to Stanford. He traveled to Silicon Valley when he was here last year, and we encouraged that because I think spending a little time there, having lived there for the last three decades, there is nothing like experiencing the place as opposed to reading about it.

And having visited their Silicon Valley with Vice President Biden earlier this spring, I can tell you they have a long ways to go. Right now it is just an idea. But the idea is the correct one because in the long run, that is where Russia's future is, and encouraging people to invest both where they live and where they invest intellectually and also financially. That will not happen without better institutions to protect property rights, including intellectual property rights, in Russia.

And moreover, I would say it will not happen without a modern political system as well. I think history has shown that you can have economic modernization at low levels of economic development, and we know of lots of countries, including the Soviet Union in the early periods of its development, where you can do that. But at higher levels of economic development, it does not work that way. You have to have political modernization as well.

Let us take one issue that is a really big issue in Russia today: corruption. Well, there are some ways to fight that with a stronger state, but as we know, again history has shown and our own country has shown, by the way, another important mechanism for fighting corruption is democracy. It is independent media. It is a real opposition party. It is a real Congress that holds the executive branch accountable right as we are doing right here today. It is an independent judiciary. Those are very important mechanisms for fighting corruption and helping to support economic modernization.

I have spoken about these issues as a Government official, and as Ambassador I hope to engage in these debates with the internal debate that is happening in Russia today on this set of issues.

Senator LUGAR. I would just say parenthetically President Medvedev chose to visit Stanford and Silicon Valley first when he came last year and those of us in Washington second in terms of priorities, which are probably in terms of Russia's consideration. But when I asked him directly how can you anticipate this investment given the climate of corruption and judicial difficulties, he only responded: Well, that is a very interesting question. And here is the dilemma I think.

Thank you.

Senator SHAHEEN. Senator Menendez.

Senator MENENDEZ. Thank you, Madam Chairlady.

Dr. McFaul, I am enthused by your nomination for this post. Not only have you been a scholar of the region, but you have also lent your expertise and time to organizations such as NDI and Freedom House that promote human rights and democracy. A commitment to sustaining democracy, supporting indigenous efforts to expand civil society and enhancing respect for human rights are issues I feel passionately about. I am sure that if you are confirmed, you will continue to hold those views as the U.S. Ambassador to Russia.

Now, I do have a line of questioning that is very important to me, and I just want to reflect a moment on your yearning for academic freedom. And as I have said in the past to other nominees that have come before the committee, if you are confirmed, you will take an oath of office and that oath is to the Constitution of the United States. That oath means a constituted government that is both the executive and the legislative branch. And while the President may nominate you, it is the Congress, particularly the Senate, confirms you. So I hope that you will not view yourself only as an administration witness, but more as the nominee.

So with that to preface where I am coming from, I want to talk to you about Russia's relationship with Iran. As the former co-director of the Iran Democracy Project at the Hoover Institution, I think you are very aware of Russia's continued support for Iran's nuclear ambitions. When I served in the House, I had legislation aimed at terminating the IAEA and Russia's support for the building of the Bushehr nuclear facility. As you know, with Russia's support, that facility is now on line, and to me that is a setback in our multilateral efforts as it relates to isolating Iran as it pertains to its drive for nuclear weaponry.

I understand that the administration has sought to reset relations with Russia at least in part to get Moscow's assistance in isolating Iran or dealing with Iran's nuclear threat. Yet, as part of the assistance to Iran in building the Bushehr nuclear facility, Russia has trained approximately 1,500 Iranian nuclear engineers. There is also evidence that Russia, at least Russian companies, may be helping Iran with a nuclear delivery system. And then I see the latest set of events that has taken place with Iran, I ask myself what it will take to get the Russians to understand that they need to cooperate with us and much of the world in having a different attitude toward Iran—both for its own interest as well as ours.

As the United States Ambassador to Russia, what will you be saying to the Russians and what do you think can be done to move them to a better place?

Dr. McFAUL. Thank you, Senator, for the question.

I think it is fair to say that Iran is right now and has been for the last 3 years if not the most important issue in United States-Russian relations, definitely one of the most important. And President Obama, as I think about the meetings that he has had with President Medvedev, which I have attended every single one and I have briefed him and been part of the conversations on the phone—this issue gets more attention than anything else.

The proposition that we have tried to make to President Medvedev and other Russian Government officials is that we want to make our bilateral relationship between the United States and Russia more important geopolitically to Moscow and more important over the long term economically to Moscow and, at the same time, make the argument that the old pattern of supporting Iran has deleterious consequences for Russia's standing in the world.

I think we have made progress on that. Most certainly you see it in our efforts at the U.N. Security Council and the P5+1 negotiations where time and time again over the last 3 years, Russia has been with us as opposed to against us. And for me and for our administration, most importantly, with U.N. Security Council Reso-

lution 1929, which went farther than any other resolution before in terms of sanctions against Iran, including heavy weapons, that has a direct affect on Russia's bottom dollar, bottom ruble, or whatever you want to call it where the economic effects of 1929 were real to Russia in a way—for obvious reasons were not real for us because we do not do that kind of trading. And I would remind you that 1929 also prohibits any cooperation with ballistic missile programs in Iran as well.

Moreover, Russia then took an action, which we considered to be very important, to cancel a contract that they signed with Iran, by the way, before the Obama administration. They signed it before we came to office—the transfer of S-300s, which we believe, had that contract gone forward, would have been highly destabilizing to security in the Middle East.

So we think we have made real progress in terms of having Russia be part of the international community, being part of the P5+1 as opposed to being on the outside.

Now, with respect to Bushehr, as you rightly mentioned, this was a compromise that was done before us, before we came along. The history—whether it should have been or not—I will leave to those that write about previous administrations.

What I do think is important to acknowledge here, however, is one important piece of an argument that we want to make to the rest of the world, that the regime that Russia has set up with Bushehr to provide the fuel and then to take out the fuel undermines Iran's argument for the need for them to enrich uranium indigenously. We think that practice, if it succeeds, demonstrates to the rest of the world that Iran's argument that they need to enrich—actually there is another way around to do that. So we are going to work with our Russian counterparts to make sure that it does succeed, and we will continue to try to show unity before Iran that will have to include Russia.

Senator MENENDEZ. So these reports of Russian companies helping Iran with a nuclear delivery system would be high on your priority list?

Dr. McFAUL. Absolutely.

Senator MENENDEZ. And what is it that you think is necessary? You talked about having a relationship that is more important geopolitically to Russia than it is to have with Iran. What is that we need to do to move them even further in that direction?

Dr. McFAUL. It is a big, long-term proposition. I want to make that clear. It is not going to happen overnight. But the idea is that the weapons that they were selling before, the heavy weapons they were selling before—they have argued to us, well, that hurts our bottom dollar. They said that to the President very directly. Why should we support that? And they point out arms sales that we make in other places. We want to make the argument to them that being part of the international community—and by the way, this is not just a bilateral piece. This is an international piece. We can enhance your economic development along other dimensions, including trade and investment with the United States and Europe. That is the proposition.

And I want to be blunt about it. It is not a proposition that everyone in Russia accepts. It is a debate inside Russia right now,

and it is a debate between different factions that have different interests that see the world differently. Therefore, we have to engage that debate and work closely with those that see ultimately Russia's future as part of Europe and part of that community as a part of being—and to defend and then fight against those that see Russia's future in this different dimension.

Senator MENENDEZ. So, a final question. I appreciate the chair's indulgence.

Hearing you answer that question, it sounds to me like the geopolitical relationship we are talking about is a bottom-line-oriented one as it relates to its economy.

Dr. McFAUL. With its economy, yes, but also with its geopolitical position, that we want Russia to be a responsible member of the international community, to not be trading with proliferators, to not be supporting those kinds of countries. We were very disappointed, for instance, when Russia vetoed the resolution on Syria last week at the U.N. Security Council. That to me and to the Obama administration was not a demonstration—that it was not an affirmation of this different kind of world we are seeking to have that has Russia with us as opposed to against us.

Senator MENENDEZ. Thank you, Madam Chairlady.

Senator SHAHEEN. Thank you.

Senator Rubio.

Senator RUBIO. Thank you.

Congratulations. Thank you for your service and congratulations on your nomination.

I want to take off from the point you just touched upon which is the veto of the resolution. I also read where they said, however, that it is not a blank check. I think I am correct.

What are the parameters? And I know I am asking you to guess or maybe not. Maybe you know. Where are the outlines of how far they are willing to let this go in Syria before they take a more Turkey-like attitude toward what is happening? Do you have any sense of that?

Dr. McFAUL. Thank you, Senator.

I have a sense from the negotiations and the conversations we have had with senior Russian officials. Most recently Foreign Minister Lavrov met with Secretary Clinton in New York a couple weeks ago. I attended that meeting. And we had a pretty lengthy and tough discussion about Syria where Secretary Clinton made very clear what we intended to do in New York and why we are doing it.

My assessment would be the following, that Russia understands and takes seriously the violations of human rights in Syria as well. And I would note that just 2 days after they vetoed the resolution, President Medvedev went out of his way to basically suggest that if this continues, Assad has to go. That had not been said. I could be mistaken, but I do not remember the President of Russia ever saying it that boldly. That was a good sign.

Where we had disagreements in the U.N., just to explain, not to excuse, was some nervousness on the part of some of the Russian Government that if we approve this resolution, that will end up like a situation in Libya. And as you will recall, in Libya with U.N. Security Council Resolutions 1970 and 1973, Russia did not sup-

port them, but Russia abstained and were with us in much closer agreement about the violations of human rights there. They worry about a precedent. We have made that very clear that that is not the way we see it and we are going to continue to work with them. I suspect we will be working with them in New York in the coming weeks for another resolution of where we can show agreement.

Senator RUBIO. You are generally optimistic that at some stage here in the near future, there is a point at which they can be partners on some sort of international measure with regards to that.

Dr. McFAUL. I want to be careful about the word "optimistic." I want to say that we are going to work this very hard.

Russia has to understand the long-term implications of disunity at the U.N. Security Council. We cannot lose our moral voice there. And I think they have to understand that to get on the right side of history as to what is happening in Syria.

It is hard to judge and I want to emphasize when I say Russia, there is no one Russia. There are many Russian voices on this right now. There is a healthy debate inside Russia. There are some officials, for instance, that met and hosted leaders of the Syrian opposition not too long ago in Moscow, and one of those Syrian opposition leaders is an old colleague and friend of mine, and he reported to me a very productive conversation that they had. So I do not want to predict the future. Let me predict our future, which is that we are going to continue to work this very hard.

Senator RUBIO. This may have already been covered. I apologize if it was, but obviously yesterday's developments with the announcement of a plot to assassinate the Saudi and Israel Ambassador and its ties to the Iranian Government—what impact do you think that will have in terms of Russia's role on the Security Council and our search for potentially greater sanctions with regards to Iran and their nuclear ambitions?

Dr. McFAUL. Senator, as I did say before, we consider our new and more robust cooperation with Russia on Iran to be one of the signature achievements of what we have done with Russia and the reset over the last 3 years. And in particular, U.N. Security Council Resolution 1929, which went farther than ever before in terms of new sanctions, including sanctions against the delivery of heavy weapons that Russia was a principal exporter to Iran and then after that when they took the action to cancel the sale of the S-300s which we consider to be very important.

My prediction. Secretary Clinton called Foreign Minister Lavrov today to brief him on what occurred and the activities we have taken. We have a pretty robust cooperation with Russia already on these kinds of issues and in many areas, by the way, not just vis-a-vis Iran but on preventing and working to thwart other terrorists and terrorist organizations. My prediction is that this will strengthen our cooperation on these kinds of issues.

Senator RUBIO. My last question is a little broader but it has to do with China and Russian relations. Obviously, they have a complicated history and a large border. Just looking at it, I think some have made this argument that if you look at some of the strategic challenges that Russia may face in the region, it ultimately may be coming from China, not from the United States. Is that perceived—I mean, obviously, they are aware that they have large territories

that happen to be rich in natural resources, are not heavily populated, and that a growing China would—you know, growing military ambitions or growing military capacities and growing energy needs and so forth—this could pose some conflict down the road. Is there an awareness of that, that China poses a real potential strategic challenge for Russia not today but in the next 5 to 10 years in terms of regional influence?

Dr. McFAUL. Senator, your question is very timely because Prime Minister Putin is in China today, and he has made some remarks about their cooperation and trying to enhance their cooperation. China is a very important economic partner for Russia most directly right now in terms of the export of raw materials, energy resources. But as Prime Minister Putin just mentioned today, they want to expand that to other areas of cooperation, and they have announced some pretty big deals during his visit.

That said, I think there is an awareness of what you described, and I think the awareness—there is a divide. There is a debate about China not unlike the debate that we have here in our country about the rise of China and how to manage that. I think the Russians see that the management of China's rise in a way that is good for them and enhances their security is a central foreign policy challenge looking out not just in the years to come but in the decades to come. They do not want to have a confrontation with China, but they want to manage that, and yet they realize that that will be a central challenge to their security. Particularly, as you rightly pointed out, if you look at the demographics and the populations and the way they are growing out there in Siberia, that will be a real challenge for Russia in the coming decades.

Senator RUBIO. I want to talk briefly about our partnership with Russia in space which is critical now in the aftermath of the shuttle program. I mean, obviously, at the NASA level, we get reports about the professional relationships between our space program and their space program. At the policy level, do they view our partnership in space as a leverage point for them on us? Do they view it as an important—what is their view of that partnership from the political standpoint for them?

Dr. McFAUL. Well, Senator, it has been a very important area of cooperation for a long, long time, as you know well. Through that cooperation, we have developed—in terms of the policy sense, you asked the right way to frame it. I would put it this way. Russia, and even before that, the Soviet Union—we competed, you know, obviously, but they saw themselves as one of the few countries in the world that could make contributions to space exploration, to those areas of your economy which required high technological sophistication. So they are very proud of what they have done in space, and they see that as a place for cooperation with the United States. They see that as an instance, if we can cooperate there, that can lead to other opportunities in the high-tech dimensions. We were talking about the Silicon Valley, for instance, pharmaceutical industries, where their brain power can be leveraged with our brain power and our innovative power and I would say our creativity when it comes to venture capitalism, which they do not have. They see that as areas of cooperation. And I think the cooperation in space can be a kind of analogy for these other kinds

of cooperations that they are now seeking. Nanotechnology is another area, for instance. If we can cooperate in space, on this hard stuff that we have done before, let us see if we can find it in these other places, particularly that would be of commercial benefit to Russian scientists, Russian companies in the high-tech industry and American companies as well.

Senator SHAHEEN. Thank you.

I have two other areas that I would like to explore before we close today.

The first is WTO accession. Obviously, Russia's continued occupation of Georgian territory is a complicating factor for their accession to the WTO. I wonder if you could speak to what is happening with current talks that are going on and the likelihood of success and talk about what the impact of Russia joining the WTO would be.

Dr. McFAUL. Thank you, Senator.

Let me start by making an obvious point, but it is sometimes misunderstood. The Obama administration is supporting, and vigorously supporting, Russia's accession to the WTO because we believe that it is a good deal for the United States of America. It is in our national interest, particularly our economic interest. And let me just elaborate a little bit because sometimes it is somehow framed as a gift to Russia. We are not in the business of giving gifts to Russia. We are in the business of advancing our national interests.

So, first, lower and predictable tariffs. That is what we get if Russia joins the WTO. By the way, they already have those benefits with us because of the most-favored-nation status.

Second, Russia will accept international food safety standards that will make it harder for them to manipulate these things that in the past have prevented us from exporting poultry and pork in particular. And by the way, President Obama has spent a great deal of time negotiating with President Medvedev over our poultry exports and pork exports. We want to bring Russia into the international community where they adhere to international standards so that we do not have to be using Presidential time to do what should be something that they have to do because of their obligations before the WTO.

Third, Russia will have to accept new obligations for intellectual property rights, not just new laws but new enforcement.

Fourth, the WTO has a dispute resolution mechanism which will offer recourse for American firms that sometimes suffer through some of these shenanigans we just were talking about. Now, it is not a silver bullet. I do not want to overplay what that can do, but it is another leverage. It is another tool, if you will, for our companies.

Fifth, it will open up a whole new set of opportunities for services, particularly banking and insurance, that right now is constrained because Russia is not in the WTO.

And more generally, having Russia in a rules-based international economic regime we think is good for the United States and good for the world economy. And in particular, it will constrain some of the bad actors in Russia, the bad economic actors, and will help the

reformers in Russia that are pushing to see Russia to become a more open and market-oriented economy.

We also believe, most importantly, that because of those things I just mentioned, we will increase American exports to Russia. Some estimates say that it will double our exports to Russia over the next several years, and that means jobs in America. That means maintaining jobs and creating new jobs here in America. And it will not have some of the negative repercussions of other agreements in other countries that have joined the WTO because of the nature of our bilateral trade. And in particular, just to underscore, Russia does not export finished goods to the United States. It is principally raw materials, and that is not going to change. But what will change will be greater access for our consumer goods, including food exports to Russia.

Now, with respect to Georgia, this issue has not been resolved. The WTO works by consensus, and without Georgian agreement to Russia's WTO membership, it will not move forward. The Swiss Government has been leading a very active mediation process between Russia and Georgia, and we are supporting that. We think that the Swiss have come up with some very creative ideas, and we are urging both sides to take those negotiations very seriously.

Senator SHAHEEN. And is that the role that you envision that the United States should be playing at this point? Is there more we should be doing?

Dr. McFAUL. Well, from time to time, various Russian officials—and in the press maybe you have read there has been talk about votes, talk about, you know, it is our job to roll the Georgians so that Russia can get into the WTO. That is firmly not our view and we have made that very clear to Russian Government officials, including just recently when First Deputy Prime Minister Igor Shuvalov was here just last week. He met with many of us, including the Vice President. And we have made very clear that that is not a road to accession.

Senator SHAHEEN. Thank you.

And finally, obviously, the change in the Presidency and the return of Putin is going to affect our future relationship. Can you talk about whether you see any significant change and what the relationship will be? How will he view the reset compared to how Medvedev has worked with us over the last several years?

Dr. McFAUL. Madam Chair, I would say first that from the very beginning, as I outlined in my opening remarks, the reset has always been about advancing American national interests. The President was very clear to us. We had a debate about this, and some said, well, we need some symbolic actions to create a better atmosphere, and if we have a better atmosphere, then that will help us on these other things. The President's view was the exact opposite. Let us do real business together that is good for the United States and we presume would be good for Russia because we would not be able to do it otherwise. And through concrete achievements, that will create better atmospherics. And we believe that that strategy has succeeded. It was not a strategy about individuals as it was a strategy about American national interests.

I will remind you that Prime Minister Putin has been Prime Minister for the whole reset. It is not like he has been some side-

line person. He has been present at every step of the way. We have talked to him directly as the President did when we were there 2 years ago. The Vice President met with Prime Minister Putin when we were there in the spring. And we will continue to engage with him if, indeed, he is elected President next year.

But the policy has never been about personalities. It has been our interests. And I would say at this point we will have to wait and see. It is very clear what our policy is, and we look forward to seeing what President Putin brings to the table.

The last thing I would say is just to underscore President Obama did develop and has developed and continues to work with President Medvedev. They do have a good working relationship. They meet frequently because of the nature of international diplomacy. They meet at various international settings. We have found that to be a very productive relationship, and I think we should be proud of the fact that we developed that because, after all, it is through relationships that you advance your interests. And we are going to continue to do so whoever is the next President of Russia and the rest of the Government of Russia as well.

Senator SHAHEEN. And certainly I appreciate that the reset was about how we can address our national interests, but nevertheless, personalities do play a role. At least reading the reporting about how particularly some of the Russian human rights activists feel about Putin's return to the Presidency, there is some concern about what that means for the state of democracy and for the openness for civil society and freedom of the press, all of those things. So how do we expect to address the changes that might occur with a returned President Putin from what we have been dealing with over the last several years?

Dr. McFAUL. I think we stick to our policy, which is to say we are going to engage with the Russian Government on mutual interests, and in parallel and at the same time, we are going to continue to engage. And I hope, if confirmed, I will be a part of this as Ambassador to deepen our engagement with Russian civil society. And we are not going to allow some false trade that says because you are dealing with us on issue X in the government channel, you cannot do this with Russian civil society. We have firmly rejected that kind of linkage that has been presented before us in the earlier periods of our administration. And again, if confirmed, I see that as a central challenge and a central responsibility that I will have as U.S. Ambassador to Russia.

Senator SHAHEEN. Thank you.

Senator Lugar, any other questions?

I think that is the end of my questions and Senator Lugar's as well.

So I just want to point out that we will keep the record open here on the hearing until noon tomorrow. So there may other questions that come in from members of the committee.

Again, I want to thank you very much for the service that you have already provided to the country and for your willingness to take on this very significant job ahead and hope that we will see a speedy confirmation on the part of the Senate.

Thank you all and the hearing is closed.

[Whereupon, at 4:00 p.m., the hearing was adjourned.]

ADDITIONAL QUESTIONS AND ANSWERS SUBMITTED FOR THE RECORD

RESPONSES OF MICHAEL MCFAUL TO QUESTIONS SUBMITTED FOR THE RECORD
BY SENATOR RICHARD G. LUGAR

Question. The administration has sought to cooperate with Russia on U.S. missile defense programs in Europe. Last fall, the committee learned that the Russian Federation rejected a draft Defense Technology Cooperation Agreement and Ballistic Missile Defense Cooperation Agreement presented by the United States.

- a. Why did Russia reject these draft agreements?

Answer. The United States and Russia have been negotiating a U.S.-Russia Defense Technology Cooperation Agreement since 2004. This is a broad agreement that, once concluded, would address the Parties' responsibilities and rights with respect to a broad range of defense-related cooperative research and development activities, including missile defense. The administration decided to propose a more limited form of the Defense Technology Cooperation Agreement that would only address missile defense cooperation issues—a Ballistic Missile Defense Cooperation Agreement. The latter would establish a framework to allow for bilateral ballistic missile defense cooperation, including: transparency and confidence-building measures, BMD exercises, data-sharing, and research and development. Details about how to cooperate would need to be negotiated subsequent to a Ballistic Missile Defense Cooperation Agreement. The proposed agreement does not specify any missile defense cooperation measure in particular; instead, it would serve as an umbrella agreement under which future individual technology agreements could be considered. In 2010, the Russian Government indicated that it did not wish to negotiate a Ballistic Missile Defense Cooperation Agreement at that time.

Russia has expressed interest in developing missile defense cooperation, but has asked for legally binding guarantees that U.S. missile defense systems will not threaten Russia's strategic nuclear deterrent prior to engaging in practical missile defense projects. The United States will continue to discuss possible missile defense cooperation with Russia, but will not accept any limits or constraints on our ability to effectively defend the United States, our deployed forces, and our allies and partners from the ballistic missile threat.

- b. What is the status of these or related agreements?

Answer. The Obama administration continues to engage Russia on developing an appropriate political and legal Defense Technology Cooperation Agreement framework that would enable substantive missile defense cooperation while protecting U.S. technology and information. These discussions are taking place in the U.S.-Russia Presidential Commission's Arms Control and International Security Working Group, led by Under Secretary of State Ellen Tauscher and Deputy Foreign Minister Sergey Ryabkov, and the Defense Relations Working Group's Enhanced Missile Defense Sub-Working Group, led by Principal Deputy Under Secretary of Defense for Policy, James Miller, and Deputy Minister of Defense, Anatoliy Antonov. The Department of Defense continues to negotiate a Defense Technology Cooperation Agreement with the Russian Ministry of Defense and the most recent round of negotiations took place in September 2011.

- c. Was there a Circular 175 issued for either of these agreements?

Answer. Yes. A Circular 175 was issued for both of these proposed agreements. Authority to negotiate the Defense Technology Cooperation Agreement derived from a blanket Circular 175 authorization provided to the Department of Defense in 1999 and the Circular 175 authority to negotiate the Ballistic Missile Defense Cooperation Agreement was signed by Under Secretary for Arms Control and International Security Affairs, Ellen Tauscher, in 2010.

- d. Will you share the text of these agreements with the Senate Foreign Relations Committee?

Answer. The administration is committed to keeping Congress informed of our missile defense efforts. These proposals were briefed in detail to Senate staff members in December 2010 during Senate consideration of the New START Treaty. In keeping with the longstanding practice of this and past administrations, the administration would be pleased to provide a classified briefing on the Defense Technology Cooperation Agreement, including developments from the latest round of United States-Russia meetings.

- e. In your view, how could Russia assist with U.S. missile defense plans in Europe?

Answer. The administration is committed to working with Russia to find an approach and configuration for missile defense cooperation that is consistent with the security needs of both countries, maintains the strategic balance, and addresses the potential ballistic missile threats that we both share. Effective cooperation with Russia could enhance the overall effectiveness and efficiency of our combined territorial missile defenses. Russian sensors and interceptors could reinforce and augment our ability to detect, track, and destroy missiles launched by potentially hostile countries, especially from the Middle East.

Irrespective of how cooperation with Russia develops, the NATO alliance alone bears responsibility for defending NATO's members, consistent with our treaty obligations for collective defense. The administration has been clear with Russia that it cannot accept any agreement that would limit or constrain the deployment of United States missile defenses—no nation will have veto power over U.S. missile defense efforts—and that NATO will be responsible for the defense of NATO territory, while Russia will be responsible for the defense of Russian territory.

- f. Does Russia share the same assessment of the threat that U.S. missile defense programs are designed to counter?

Answer. Russia recognizes that ballistic missile proliferation significantly affects regional and global security and Russia actively supports international missile nonproliferation efforts. In May 2011, the United States and Russia completed a classified expert-level exchange on ballistic missile threats. This process showed some areas of agreement, as well as important differences, in each others' perceptions of the ballistic missile threat.

- g. If yes, please describe. If no, how does this affect your answer to (e)?

Answer. Russia is a supporter of international missile nonproliferation efforts and is an active participant in the Missile Technology Control Regime and the Hague Code of Conduct Against Ballistic Missile Proliferation. Russia has also supported a series of United Nations Security Council Resolutions related to Iran's nuclear and ballistic missile programs.

In May 2011, the United States and Russia finished the joint threat assessment work outlined in the joint statements of President Obama and President Medvedev dated April 1 and July 6, 2009. The 2-year process entailed expert-level exchanges between U.S. and Russian security experts. This process was chaired by Acting Assistant Secretary of State Vann Van Diepen, and by Deputy Secretary of the Security Council, Valeriy Nazarov, and Assistant to the Secretary of the Security Council, Yevgeniy Lukyanov.

Even in the absence of full agreement on ballistic missile threats, ballistic missile defense cooperation with Russia is still possible and desirable. Effective cooperation with Russia could enhance the overall effectiveness and efficiency of our combined territorial missile defenses. Russian sensors and interceptors could reinforce and augment our ability to detect, track, and destroy missiles launched by potentially hostile countries, especially from the Middle East.

Question. In 2007, Russia suspended implementation of the Conventional Armed Forces in Europe Treaty and has not provided any CFE data since. Recent attempts by the United States to revive the treaty without sacrificing the principles of host-nation consent and reciprocity were also rejected by Moscow.

- a. What countermeasures has the United States executed after 4 years of Russian noncompliance?

Answer. The United States has not yet taken countermeasures in response to Russian noncompliance with its CFE Treaty obligations, although the administration continued to cite Russian noncompliance in the Treaty Joint Consultative Group and in our national compliance documents, the "2011 Report on Adherence to and Compliance With Arms Control, Nonproliferation, and Disarmament Agreements and Commitments" and the "Condition (5)(C) Report: Compliance With The Treaty On Conventional Armed Forces In Europe." During the last 4 years, the United States has led efforts by NATO allies to address the issues raised by Russia and bring it back into CFE compliance. The United States and its NATO allies believed strongly that we needed to demonstrate our commitment to conventional arms control by continuing full implementation of CFE obligations despite Russian noncompliance. The United States and our NATO allies have repeatedly emphasized that this situation cannot continue indefinitely, most recently at the September 29 CFE Review Conference. The administration is discussing with our allies the available legal options with regard to Russia while continuing to implement CFE with regard to the other state parties to the treaty.

- b. Should we be concerned about the lack of transparency surrounding Russia's ambitious modernization plan for its conventional forces?

Answer. The current impasse with respect to CFE does not help increase transparency on Russian force modernization plans, but full CFE implementation would not completely address U.S. concerns on this issue. The CFE Treaty was intended to provide information about existing force structure, rather than provide insights into future organization and force modernization. Russia has provided some information on the goals of its reorganization through our bilateral defense dialogue, and the U.S. Government has received similar information through contacts in NATO and the OSCE. While this information is useful, it does not provide the level of detail about specific locations that could be afforded by restarting CFE on-site inspections.

- c. Do you believe that nonlegally binding disclosures through the Vienna Document are sufficient for the United States to gain an understanding of the disposition of Russian conventional forces?

Answer. The disclosures and military observation visits available through the Vienna Document provide some insight into the disposition of military forces in order to increase confidence among participating states, but they do not allow the same level of intrusive verification and inspections afforded by the legally binding CFE Treaty. The Vienna Document and the CFE Treaty are complementary, not interchangeable. Each has a specific purpose and distinct contribution to overall stability in Europe. As became evident several years ago when an attempt was made to "harmonize" the regimes, there is no simple way to adjust the provisions of the Vienna Document to incorporate all the elements of the CFE Treaty.

Question. France recently concluded an unprecedented sale of military equipment to Russia in the form of the *Mistral* amphibious assault ship. One senior Russian military official noted that the ship could be useful in military operations in the Black Sea. Subsequently, other NATO allies, including Spain, Italy, and Germany, have reportedly contemplated comparable sales. What is your view of these military sales to Russia and what effect do these sales have on regional stability and NATO cohesion?

Answer. Decisions about such sales are a matter for sovereign states taking into account a host of factors, including international law and regional stability. All countries should exercise judgment and restraint when it comes to deploying military equipment that could exacerbate tensions in any conflict region. NATO is an enduring alliance that has weathered more than 60 years of sweeping change. The administration remains committed to NATO, and to our mutual obligations to build a safe and secure Euro-Atlantic region.

Question. The U.S. Senate made clear in its Resolution of Advice and Consent to the New START Treaty that the next round of arms control negotiations would have to address Russia's excessive and opaque tactical nuclear weapons arsenal. Russia has refused to negotiate over these weapons until a binding agreement is reached on conventional, missile defense, and space capabilities, a condition that appears to merely prevent discussion on Russian tactical nuclear systems. Do you believe that Russia's position is constructive?

Answer. As President Obama outlined in Prague in 2009, the United States is committed to continuing a step-by-step process to reduce the overall number of nuclear weapons, and to the pursuit of a future agreement with Russia for broad reductions in all categories of nuclear weapons—strategic, nonstrategic, deployed, and nondeployed. Russian officials have stressed that further reductions in nuclear forces are connected to a substantial number of other issues. Developing a mutual understanding with Russia of the relevant issues is the first step to achieving a future agreement. As such, the administration has proposed holding broad policy discussions with Russia on issues of stability, security, and confidence-building. The administration sees discussions on strategic stability as an opening that will allow for engagement on future reductions in all categories of nuclear weapons, in a way that will meet the Senate's requirement in the Resolution of Advice and Consent to the New START Treaty that the next round of arms control negotiations address Russia's tactical nuclear weapons arsenal.

Question. The OSCE recently announced that it would acquiesce to Russia's demand that only 200 election observers be allowed to monitor the Duma elections in December 2011.

- a. What conversations have you had with Russian officials on this matter?

Answer. The United States has urged Russia to permit international and independent domestic observation of its electoral processes, both in the campaign and on election day. The administration has also made it clear that it supports the integrity of the OSCE's Office of Democratic Institutions and Human Rights (ODIHR) and the OSCE's election observation standards.

Russia's Central Election Commission issued an invitation on October 7 for an Election Observation Mission from ODIHR and the OSCE Parliamentary Assembly. The United States has welcomed the invitation, which represents an improvement from the situation in 2007 and 2008.

The administration understands that ODIHR intends to send 60 long-term election observers (LTOs), and plans to have them on the ground in Russia for 5 weeks before and after election day on December 4. It also plans to send 140 short-term observers (STOs). The OSCE Parliamentary Assembly also plans to send observers. The administration has urged Russia to grant all observers the necessary visas and any other required accreditation in a timely manner. The United States will continue to observe the electoral process in Russia, and looks forward to ODIHR's assessment of the process.

- b. How do the conditions imposed on the OSCE compare to the conditions imposed in 2007, which led to the OSCE's cancellation of its monitoring of the Russian Duma elections?

Answer. In 2007, Russian authorities delayed sending an invitation to ODIHR, and when they finally issued the invitation, they imposed unprecedented restrictions on the observation mission. When ODIHR requested to deploy 70 election experts, Russia denied them visas.

This year, Russian authorities issued a timely invitation letter that did not contain restrictions on the number of observers. ODIHR has confirmed that 60 LTOs will be on the ground in Russia for 5 weeks before and after election day on December 4, and that it will send 140 STOs. The OSCE Parliamentary Assembly also plans to send observers. The administration has urged Russia to issue all observers visas and any other accreditation required in a timely manner.

- c. Do you believe that Russia's demands will impel the OSCE to again cancel its monitoring activities?

Answer. OSCE/ODIHR has confirmed that it will send 60 LTOs and 140 STOs. The administration understands that the OSCE Parliamentary Assembly also plans to send a significant number of observers. The administration has urged Russia to grant all observers visas and any other required accreditation in a timely manner.

The administration strongly supports the integrity of OSCE election observation and, as elections near and events unfold, it will take ODIHR's assessment very seriously as to whether Russian authorities will permit them and other observers to do their work without obstruction.

Question. What conversations have you had with Russian officials about allowing a full contingent of international election observers to monitor the Russian Presidential election in spring 2012?

Answer. The administration has regular discussions with Russian officials in which it raises a full range of human rights and democracy issues, including Russia's OSCE commitments to holding free and fair elections and to allowing international and independent domestic election observation, both in the December 2011 elections for the Duma and the March 2012 Presidential elections. Most recently, Assistant Secretary of State Michael Posner raised these issues with senior Russian officials in Moscow the week of October 10.

The United States has welcomed the October 7 invitation by Russia's Central Election Commission for international observers, including an Election Observation Mission from OSCE's Office of Democratic Institutions and Human Rights (ODIHR) and the OSCE Parliamentary Assembly, for the December 4 parliamentary elections. This represents an improvement from the situation in 2007 and 2008. ODIHR Long Term Election Observers will be on the ground in Russia for 5 weeks before and after election day on December 4, which will enable them to assess the political climate and ascertain whether parties are granted a level playing field in the runup to the elections.

Question. During your tenure in the White House, what conversations have you had with Russian authorities regarding the death of Alexander Litvinenko, who was poisoned with a radioactive substance in London in 2006? Have you pressed Russia to extradite the suspected perpetrator(s), who are residing in Russia?

Answer. The administration coordinates closely with the British government on all aspects of our Russia policy, including ongoing criminal investigations and re-

ports of human rights abuses. Most recently, we held consultations with our British counterparts on this case and other issues on the eve of Prime Minister Cameron's September visit to Russia. I agree with the position outlined by then-Secretary of State Rice in December 2006, soon after Litvinenko's death. "We've been clear to the Russian Government that all of these issues need to be investigated and investigated thoroughly . . . and our principal role is to try to be supportive of the British Government in any way we can." In 2007, the United States also publicly called for Russia's full cooperation in the request for Andrey Lugovoy's extradition, and this is a position I will maintain: "Russia should honor the extradition request and Russia should cooperate fully, because it is not in anybody's interest that we can have a crime committed of this kind and nothing is done about it."

Question. How much material has been transported via the Northern Distribution Network in 2009, 2010, and to date in 2011? Please include numbers for lethal (if any) and nonlethal equipment.

Answer. Russia is a critical partner supporting U.S. and coalition efforts in Afghanistan through its participation in the Northern Distribution Network and its support of U.S. military overflights. Since the fall of 2009, under our bilateral air transit agreement, 1,500 flights carrying 240,000 troops have transited Russian airspace en route to the Afghanistan area of operations. Over 51,000 cargo containers have transited the Northern Distribution Network, nearly 34,000 of which have transited over land through Russia under the NATO-Russia ground transit arrangement. There is an agreement in place permitting the two-way surface shipment through Russia of specific categories of wheeled armored vehicles, but no lethal equipment or cargo has yet transited Russia via the Northern Distribution Network in support of U.S. operations in Afghanistan.

Question. What rate does the Russian Federation charge, if any, for the transport of this material across its territory? How do these rates compare to those of other distribution routes utilized?

Answer. The U.S. Transportation Command (USTRANSCOM) oversees the flow of cargo in support of coalition forces in Afghanistan. USTRANSCOM does not contract for container movement directly with Russian contractors or pay fees directly to the Russian Government. USTRANSCOM contracts with U.S.-approved contractors at competitive rates to transport cargo from the continental United States to Afghanistan. When contractors transport containers through the Northern Distribution Network to Afghanistan, they may subcontract with various companies for surface transportation or pay fees to transit countries. The 2009 U.S.-Russia air transit agreement is cost-free to flights transporting U.S. personnel and material aboard U.S. military aircraft; commercial flights operated by contractors are responsible for the payment of air navigation fees.

Question. How much in total has the United States paid to Russia from 2009 to 2011 for the transportation of goods across its territory?

Answer. The U.S. Transportation Command (USTRANSCOM) oversees the flow of cargo in support of coalition forces in Afghanistan. USTRANSCOM does not contract for container movement directly with Russian contractors or pay fees directly to the Russian Government. USTRANSCOM contracts with U.S.-approved contractors at competitive rates to transport cargo from the continental United States to Afghanistan. When contractors transport containers through the Northern Distribution Network to Afghanistan, they may subcontract with various companies for surface transportation or pay fees to transit countries. The bilateral U.S.-Russia air transit agreement concluded in 2009 is cost-free to U.S. military aircraft; however, commercial charter flights are responsible for the payment of air navigation fees.

Question. What do you perceive to be Russian interests in assisting with the U.S./NATO mission in Afghanistan? What types of cooperation has Russia provided during your tenure in the administration?

Answer. Russia's cooperation with the United States in Afghanistan is based on a shared interest in building security, stability, and prosperity for Afghanistan and within the region.

U.S.-Russian cooperation on Afghanistan is one of the achievements of the "reset" policy and continues to expand, particularly in the areas of transit cooperation, counterterrorism, counternarcotics, and regional diplomatic efforts to help facilitate Afghan-led reconciliation. Thanks to Russia's agreement to allow the transit of U.S. personnel and equipment across Russian territory in support of the ISAF mission in Afghanistan, almost 1,500 flights and over 225,000 military personnel have transited this corridor, while Russia's ground transit arrangement with NATO has resulted in the shipment of nearly 34,000 containers of supplies to Afghanistan. To

help build the capacity of the Afghan National Security Forces, Russia has announced a generous contribution of training and parts to the NATO-Russia Council Helicopter Maintenance Trust Fund. This donation, combined with donations from the United States and NATO allies, will meet a critical training goal for Afghanistan. Russia has also announced publicly its support for Afghan-led peace and reconciliation efforts. Russia joined the United States and other U.N. Security Council members in unanimously supporting reforms of the U.N. 1267 sanctions regime requested by the Afghan government. U.S. Special Representative for Afghanistan and Pakistan Grossman engages frequently with his Russian counterpart on political and diplomatic efforts to support stability in Afghanistan, and the administration looks forward to Russia engaging positively at the Istanbul and Bonn conferences later this year.

With regard to counternarcotics, Russia and the United States have expanded law enforcement cooperation through joint investigations, including in support of our Afghan law enforcement partners, and the sharing of financial intelligence to fight drug smugglers and their illicit financing. Last year, in coordination with the U.S. Drug Enforcement Administration and the Counternarcotics Police of Afghanistan's DEA-mentored units, Russian Federal Counter-Narcotics Service personnel participated in a successful joint operation inside Afghanistan, which resulted in the seizure of 930 kilograms of heroin. The United States and Russia are actively engaged in the NATO-Russia Council counternarcotics program, through which more than 1,600 law enforcement officers from Central Asia, Afghanistan, and Pakistan have received training in Russia.

Question. Russian President Medvedev has stated with respect to the U.S. Transit Center at Manas, Kyrgyzstan, that, "This base, and this is my position and I say it openly: It shouldn't exist forever." Do you believe that Russia has any role in determining the duration of the existence of the U.S. presence at Manas?

Answer. No. The terms of operation of the Transit Center are a bilateral matter between the United States and Kyrgyzstan. The Transit Center has operated without major interruption for nearly a decade. The administration also has an open, transparent, and continuous dialogue with Russia about operations in and around Afghanistan, as well as our military and political goals going forward. This dialogue is not always easy, but it takes place in a context of partnership rather than rivalry. Although the question of Russia's opinion of American military presence in Central Asia has attracted a great deal of media attention, the results of Russia's cooperation with us in the region have been largely positive. Russian air and land transport corridors are vital components of the allied logistics network.

Question. You have noted the need to move beyond "zero-sum" thinking in the U.S.-Russian relationship. Russian troops, however, are still present in several nations, including Moldova and Georgia, without those nations' consent. Additionally, Russia has reportedly pressured many countries throughout the region to withhold defensive military assistance to Georgia. To what extent has this "zero-sum" thinking taken hold in Moscow?

Answer. The administration has been consistent and forthright with Russia about our differences. The United States has consistently rejected the notion of "spheres of influence" and is firmly committed to upholding the principle of host-nation consent for the stationing of foreign forces, a point the administration makes regularly in its meetings with Russian officials, and which I will continue to do if confirmed. As President Obama said in a July 2009 speech in Moscow, "the days when empires could treat sovereign states as pieces on a chessboard are over."

Over the past 2½ years, real progress has been made toward putting the United States relationship with Russia and Russians on a more positive footing. In Afghanistan for example, Russians are providing unprecedented access to its airspace and transportation networks, helping to train and equip Afghan forces, and cooperating with us on antinarcotics operations in the region.

That progress is also reflected in public opinion polls. The respected social research organization Levada conducted a poll in May 2011 and found that 54 percent of Russians hold a positive view of the United States. The All-Russian Center for Public Opinion Research confirmed this trend in September with a poll finding that 55 percent of Russians hold positive views of the United States. By contrast, in November 2008, only 31 percent of Russians had a positive view of the United States, while 55 percent had a negative view.

While historic patterns of thinking continue to influence Russian policy in some areas, this is a legacy that must be overcome if Americans and Russians are to realize the full benefits of the relationship's potential.

Question. Article 51 of the U.N. Charter states that "Nothing in the present Charter shall impair the inherent right of individual or collective self-defense if an armed attack occurs against a Member of the United Nations . . ." Do you assess that the nation of Georgia has the capacity to provide for its self-defense?

Answer. All sovereign countries have the right to self-defense in response to an armed attack. The United States has a broad and deepening relationship with Georgia in a number of areas, including security and defense reform. The administration's security assistance and military engagement with Georgia is currently focused in two areas. The first is comprehensive assistance to support Georgia's defense reform and modernization along Euro-Atlantic lines. In particular, the administration is focused on building institutional capacity, supporting personnel and doctrine reform, and contributing to professional military education modernization. The administration has also consulted with the Georgian Government on its National Security Concept. Second, the United States continues to provide the necessary training and equipment to Georgian troops in support of their interoperability and effective participation in ISAF operations in Afghanistan.

Question. Under the "brains before brawn" policy, the United States has been assisting Georgia with doctrine, training, and military reform efforts. When do you foresee that Georgia will be ready for defensive military equipment procurements?

Answer. Per standard practice, the administration reviews all requests for export licenses and arms transfers individually, assessing legal, technical, and policy considerations. The United States also continues to have a broad and deepening relationship with Georgia in a number of sectors. Our security assistance and military engagement with Georgia are currently focused on two areas. The first is comprehensive assistance to support Georgia's defense reform and modernization along Euro-Atlantic lines. Second, the United States provides training and equipment suitable to the Afghan counterinsurgency environment in conjunction with Georgia's generous contribution of troops to ISAF operations in Afghanistan.

Question. During your tenure, has any assistance been provided to Georgian Special Forces?

Answer. The administration's security assistance and military engagement with Georgia are currently focused on two areas. The first is comprehensive assistance to support Georgia's defense reform and modernization along Euro-Atlantic lines. In particular, the administration is focused on building institutional capacity, supporting personnel and doctrine reform, and contributing to professional military education. Second, the United States continues to provide the necessary training and equipment to Georgian troops in support of their interoperability and effective participation in ISAF operations in Afghanistan. Assistance to the Georgian Special Forces is not currently an element of these two areas of our security assistance and military engagement with Georgia.

Question. During your tenure, have you made progress in reinstating an international monitoring mission on the ground in Abkhazia or South Ossetia?

Answer. The administration continues to call on Russia to fulfill its obligations under the 2008 cease-fire agreement, including the return of international monitors to the separatist territories of Abkhazia and South Ossetia. The administration believes that an international monitoring presence in these territories remains essential, and hopes that Russia—which has also said it sees a need for monitors—will accept a return of international monitors. The administration also continues to press for full access to the separatist regions by the European Union Monitoring Mission and international organizations like the OSCE to address ongoing humanitarian and human rights concerns. A positive and concrete step has been the establishment of the Incident Prevention and Response Mechanisms (IPRMs) for Abkhazia and South Ossetia, which meet regularly to address security and humanitarian issues on the ground.

Question. Have you had any conversations with other NATO allies to caution against arms sales to Georgia?

Answer. The administration has neither opposed nor advised against other governments' sales of defense articles, including arms, to Georgia.

Question. Public reports have linked Russian officers to the recent bombings in Georgia, including one near the gates of the U.S. Embassy compound in Georgia.

- When did you learn about the reported links to Russian officers?
- What was your response?
- Are you satisfied that Russia has conducted a thorough investigation of the allegations?

Answer. The administration takes very seriously any threats against U.S. facilities overseas and is concerned about any threats to peace and security in the Caucasus. The administration coordinated closely with Georgian law enforcement on the investigation into the incident that occurred near the U.S. Embassy. The U.S. Government also raised the allegations by Georgian authorities of Russian involvement directly with the Russian Government at high levels and urged the avoidance of any actions in Georgia that could impact regional stability and security. The administration has urged the Government of Russia to cooperate directly with the Government of Georgia to investigate the incidents. The Government of Georgia's investigation continues.

Question. Do you believe that Russia has an interest in resolving Moldova's frozen conflict in Transnistria? If so, please describe those interests.

Answer. Russia is a participant, along with the European Union, the OSCE, Ukraine, and the United States, in the 5+2 process that seeks to find a comprehensive negotiated settlement to the Transnistria conflict. The September 22 announcement by 5+2 participants in Moscow to relaunch official 5+2 negotiations after a 6-year hiatus was a positive development, and at that time, Russian Deputy Foreign Minister Karasin reiterated Russia's support for the 5+2 process. In June, Russian Foreign Minister Lavrov publicly urged both parties to the conflict to compromise and he made clear that Transnistria's special status within Moldova, not independence, was the issue on the table. The administration will continue to work closely with Russia and other participants in the 5+2 process to try to resolve the Transnistria conflict.

Question. Do you believe that Russia has been constructive as a negotiator in the 5+2 talks over Transnistria? Do you believe that Russia has leverage over Transnistria in the 5+2 negotiations? What points of leverage exist?

Answer. Russia joined the European Union, Ukraine, and the United States this year in supporting the resumption of official 5+2 negotiations in an effort to reach a comprehensive settlement to the Transnistria conflict. Under the OSCE Chairman-in-Office's leadership, the parties to the conflict and the international participants in the 5+2 process agreed in September to the relaunch of official 5+2 negotiations after a 6-year hiatus. The administration looks forward to working with Russia and the other 5+2 participants to develop a comprehensive agenda and to hold an initial round of negotiations in the coming months.

Transnistria continues to rely on political and financial support from Russia. At the same time, Foreign Minister Lavrov has publicly supported Moldova's sovereignty and stated that Russia supports a negotiated settlement that provides for a special status for Transnistria within Moldova.

Question. Moldovan officials recently interdicted weapons-grade highly enriched uranium in Chisinau. Reports suggest that a Russian national, currently in Russia, was involved.

- a. What conversations have you had with Russia on this matter?

Answer. The United States supports ongoing Moldovan efforts to prosecute the traffickers who were caught in June with uranium and to work with Russian and other partners to investigate the original theft of the uranium. The United States has raised this case with Russia. If confirmed, I will continue our robust cooperation with Russia on nuclear smuggling matters.

- b. Are you satisfied with the level of cooperation the United States and Moldova have received from Russia?

Answer. The administration believes that Moldovan, Russian, and other authorities are taking appropriate action on this case and the United States will continue to offer its assistance. The administration routinely works with Russia in this area through, for example, the Global Initiative to Combat Nuclear Terrorism, which is cochaired by Russia and the United States.

- c. Are you confident that the alleged perpetrator will be brought to justice?

Answer. The investigation into this case is ongoing, and for that reason we prefer not to comment publicly on the details of this case at this time.

Question. Belarus has announced that a Russian company may soon construct a nuclear power plant near its border with Lithuania.

- a. Are you confident that the proper international safeguards and transparency measures are being complied with thus far?

Answer. The administration is aware that Belarus is moving forward with plans to build a nuclear power plant. The United States has clearly stated that Belarus'

plans should include a competitive, commercial process for the design and construction of a safe, secure plant operating under the International Atomic Energy Agency's safeguards and built to the highest international standards. The administration has also made clear that Belarus—like all countries pursuing nuclear power—should do so in a transparent manner that takes into account the concerns of neighboring countries, as appropriate. The administration supports efforts by Lithuania and other European states potentially affected by the construction of a nuclear power plant in Belarus to seek additional clarifications on Belarus' plans.

- b. Have you raised this issue with Russian officials?

Answer. The United States regularly engages with Russia on issues of nuclear security, including the peaceful uses of nuclear energy. The administration continues to urge all parties involved to ensure that the design and construction of a safe, secure plant operating under the International Atomic Energy Agency's (IAEA) safeguards would be built to the highest international standards. Russia, like the United States, is a charter member of the Nuclear Suppliers Group and has committed to export nuclear materials and technology only to those countries that have agreements with the IAEA on the full scope of the Agency's safeguards. Moreover, Russia has an IAEA Additional Protocol in force, which requires disclosure of nuclear related exports, including to Belarus. Russia has also taken part in efforts by the United States and other G8 countries to encourage Belarus to adopt the Additional Protocol.

Question. Reports suggest that Russia has conditioned a loan to Belarus on the acquisition of equity in Belarusian state-owned enterprises. What is the status of this deal and what enterprises have been or will be affected in your estimation?

Answer. The Government of Belarus continues to search for solutions to its economic problems, including a \$3 billion, multiyear loan from the Russian-led Eurasian Economic Community Stabilization Fund.

The Eurasian Economic Community Stabilization Fund disbursed \$800 million dollars in June, but the loan requires that the Government of Belarus privatize at least \$2.5 billion of state assets before more funds are released. One possible target for privatization is Beltransgaz, the state-owned gas pipeline monopoly in Belarus. Russia's Gazprom, which already owns 50 percent of Beltransgaz, has indicated its desire to purchase the remaining shares of Beltransgaz for \$2.5 billion, but no deal has been concluded.

Question. Russia has traditionally been a major supplier of arms to Syria. Has Russia withheld pending arms sales to Syria in light of the recent violence Syrian forces have perpetrated against their own citizens?

Answer. The administration is concerned about reports of continued Russian weapons transfers to Syria. The administration frequently expresses concern to the Russian Ministry of Foreign Affairs and senior Russian officials regarding Russian arms sales to actors of concern, including Syria. Secretary Clinton publicly urged Russia to cease arms sales to Syria on August 12, 2011. The administration will continue to press Russia to cease pending and future arms sales that threaten regional stability, contribute to the Syrian regime's violent crackdown, or could be diverted to Hezbollah. The administration can provide additional details on this issue in a classified format.

Question. What is the status of the Russian Navy's use of a Syrian naval base at Tartus? Has Russian-Syrian naval cooperation subsided since the recent unrest in Syria?

Answer. Russia has had facilities at the Syrian port of Tartus since 1971. The facility is used primarily as a maintenance and resupply point for Russian warships transiting the Mediterranean. The most recent visit of a Russian fleet unit was a 3-day visit in late September by the destroyer *Severomorsk*, which was returning home after a counterpiracy patrol in the Gulf of Aden.

Question. As a result of U.S. diplomacy, Russia has cancelled the sale of the S-300 missile defense system to Iran. However, when other disagreements in the U.S.-Russian bilateral relationship have arisen, some Russian officials have threatened to reinstate the sale. Has Russia cancelled the S-300 because it is in Russia's national security interest or because of a linkage to other bilateral issues?

Answer. Russia has informed the administration that, in its view, its cancellation of the contract for the provision and transfer of S-300 air defense system to Iran was in line with its obligations under United Nations Security Council Resolution 1929 (2010) and it will not deliver these weapon systems. Foreign Minister Lavrov recently stated, "[Russia has] returned the prepayment to [Iran], and we believe the

issue should be closed." The administration appreciates the restraint that Russia has demonstrated over the course of several years in not transferring the S-300 system to Iran. The administration hopes that Russia's continued restraint will serve to encourage other potential arms suppliers to adopt a rigorous approach to implementing U.N. sanctions pertaining to Iran.

Question. Against which Russian entities have sanctions been placed, removed, or waived during your tenure for the proliferation of goods, services, or technology to Iran, North Korea, or Syria listed on:

- I. The Missile Technology Control Regime Equipment and Technology Annex?
- II. Wassenaar Arrangement list of Dual Use Goods and Technologies and Munitions list of July 12, 1996, and subsequent revisions?

Answer. The United States has not imposed nonproliferation sanctions against Russian entities since January 1, 2009.

As published in the Federal Register, the administration lifted E.O. 12938 penalties against the Baltic State Technical University, Glavkosmos, D. Mendeleev University of Chemical Technology of Russia, and Moscow Aviation Institute in 2010. The administration also lifted Lethal Military Equipment sanctions against the Tula Instrument Design Bureau and sanctions pursuant to the Iran, North Korea, and Syria Nonproliferation Act against Rosoboronexport in 2010. On May 21, 2010, the administration provided a classified briefing on the details of the lifting of the above-mentioned sanctions to the staff of the Senate Foreign Relations Committee and House Foreign Affairs Committee.

The details concerning the lifting or waiver of sanctions for transfers of controlled equipment are classified. The administration would be pleased to arrange a briefing in an appropriate setting to provide this information.

Question. Is it the policy of the Russian Federation to cease the proliferation to Iran of weapons of mass destruction and long-range missiles?

Answer. Russia is a key partner in American and international efforts to prevent the proliferation of weapons of mass destruction and missiles to Iran. Russia is an active participant in the Missile Technology Control Regime, the Proliferation Security Initiative, the Hague Code of Conduct Against Ballistic Missile Proliferation, and the Nuclear Suppliers Group.

Russia, as part of the P5+1 and a permanent member of the United Nations Security Council, has supported and contributed to the crafting of all Security Council resolutions pertaining to Iran: 1696 (2006), 1737 (2007), 1747 (2007), 1803 (2008), 1835 (2008), and 1929 (2010). The administration expects all states, including Russia, to fully comply with the United Nations sanctions regime on Iran, as well as Security Council resolutions preventing the proliferation of weapons of mass destruction, including Security Council Resolution 1540.

Question. How do you view what the United States Government has called a "mixed" record on Russian missile technology controls' enforcement and compliance with regard to Iran? With regard to any other countries?

Answer. The United States continues to closely monitor transfers of proliferation-sensitive technology from Russia to Iran and other countries of concern. Nonetheless, Russia has made significant contributions to international efforts to combat missile proliferation. The administration works closely with the Russian Government to further our shared nonproliferation goals and to prevent Iran and other countries of concern from obtaining missile-related goods and technologies from Russian entities.

Although past assistance of Russian entities helped move Iran toward self-sufficiency in the production of ballistic missiles, over the last two decades, the Russian Government has enacted laws and decrees to implement export controls on complete missile systems and dual-use items. Since 2006, the Russian Government has supported a series of United Nations Security Council resolutions designed to prevent transfers of equipment and technology that could benefit Iran's nuclear-capable ballistic missile programs.

Russia is an active participant in international arrangements to prevent the proliferation of missile delivery systems, including the Missile Technology Control Regime, the Proliferation Security Initiative, and the Hague Code of Conduct Against Ballistic Missile Proliferation.

The United States expects all states, including Russia, to abide by the terms of all U.N. Security Council resolutions pertaining to Iran, including 1737, 1747, 1803, and 1929, and Security Council resolutions against the proliferation of weapons of mass destruction, including 1540. The administration has raised with the Russian

Government issues of weapons-related transfers to actors of concern and has continued to press Russia to abide by its international obligations and commitments.

Question. What is the status of the State Department's delinquent submission of reports required under the Iran, North Korea, and Syria Proliferation Act?

Answer. As you are aware, the Department submitted the 2008 Iran, North Korea, and Syria Nonproliferation Act report to Congress on May 23, 2011. The Department will submit the 2009 and 2010 Iran, North Korea, and Syria Nonproliferation Act reports to Congress once it has assembled and evaluated all of the reporting information required by the act. Currently, the Department is working to finalize the 2009 report and is simultaneously reviewing cases that meet the criteria for reportability for the 2010 report. The Department expects to submit the 2009 report by the end of this year.

Question. Has Russia executed a facility-specific safeguards agreement with the IAEA for the Bushehr Nuclear Power Plant in Iran?

Answer. Russia is not required to complete a facility-specific safeguards agreement with the IAEA for the Bushehr Nuclear Power Plant. Under its existing NPT-mandated safeguards agreement, Iran is required to place all nuclear facilities, including Bushehr, under IAEA safeguards. In his most recent report to the IAEA Board of Governors, the IAEA Director General noted that "the Agency continues to verify the nondiversion of declared material" at 16 declared nuclear facilities, including Bushehr. The IAEA Director General has not noted any issues or irregularities with respect to Bushehr in his reports.

Question. What avenues of cooperation is Russia currently seeking with North Korea, particularly after the visit of North Korean President Kim Jong-il to Russia?

Answer. Kim Jong-il's meeting with President Medvedev reportedly included discussions on energy deals and economic aid. Press reports of that meeting also mentioned North Korea's reported willingness to refrain from nuclear tests and missile launches.

The administration views these reports as a sign of Russia's shared commitment to abide by obligations mandated by United Nations Security Council resolutions. Russia voted with the United States in the Security Council to adopt Resolution 1874, which expanded sanctions against North Korea by broadening the embargoes on trade and financing that could assist its prohibited weapons programs. Russia remains a committed partner in the six-party process, which seeks to accomplish the peaceful and verifiable denuclearization of the Korean Peninsula. Russia and the United States continue to urge North Korea to comply with its commitments under the 2005 Joint Statement of the Six-Party Talks, the terms of the Armistice Agreement, and obligations under U.N. Security Council resolutions.

North Korea's disclosure last November of a uranium enrichment facility remains a matter of serious concern for the administration. This is a clear violation of North Korea's obligations under Resolutions 1718 and 1874 and contrary to its 2005 joint statement commitments. Russia publicly called on North Korea to comply with Resolutions 1718 and 1874, notably during a visit by North Korean Foreign Minister Pak Chui Un to Moscow on December 13, 2010. In the Deauville G8 Summit Declaration of May 27, President Medvedev joined President Obama and their counterparts in condemning North Korea's provocative behavior, as well as its continued nuclear weapons, ballistic missile, uranium enrichment, and light-water reactor-construction activities; and urging North Korea to take concrete action to demonstrate its readiness to return to the six-party talks.

Question. At the Peterson Institute on April 15, 2011, you spoke about the possible repeal of the Jackson-Vanik amendment with respect to Russia. According to the transcript, you stated: ". . . [L]et's have another act. Call it the Jackson-Vanik Act of 2011." Do you believe that, should Jackson-Vanik be repealed, another piece of legislation should be passed in its place? Please describe.

Answer. Jackson-Vanik served its historic purpose by helping thousands of Jews emigrate from the Soviet Union. Since a 1994 Presidential Determination and subject to ongoing reporting requirements, successive U.S. administrations have certified that Russia is in compliance with the emigration provisions of Jackson-Vanik, satisfying a requirement for an annual finding to continue providing normal-trade-relation tariff treatment to imports from Russia. If Jackson-Vanik is not terminated before Russia joins the WTO, U.S. workers, manufacturers, ranchers, and farmers will be prevented from joining their competitors in enjoying the full benefits of Russia's accession.

The administration's commitment to pursuing a robust human rights policy regarding Russia is strong, and this will continue after the proposed termination of

Jackson-Vanik. The administration discusses human rights concerns openly with Russian officials, including with regard to freedom of assembly, ongoing human rights abuses in the North Caucasus, and murders and violent attacks on journalists and human rights activists. The administration also engages Russian civil society and political opposition directly, and fosters contacts between American civil society and Russian civil society. I have raised these issues in my official meetings, as have Secretary Clinton and President Obama, and we will continue to do so. Senior U.S. officials have delivered more than 80 public statements on human rights in Russia since President Obama took office.

Since FY 2009, the Obama administration—working closely with the U.S. Congress—has provided over \$108 million in bilateral assistance to support civil society, rule of law, human rights, religious freedom, independent media, and good governance in Russia. The administration has prioritized support for small, direct grants to Russian civil society organizations. Working with Congress, and recognizing today's difficult budget environment, the administration continues to seek new ways to generate greater support for civil society and human rights in Russia.

Question. You have spoken widely on the need to support civil society and the rule of law in Russia. However, the administration's request for the "Governing Justly and Democratically" Account for the Russian Federation for the last 3 years has been approximately the same (\$35,900 for FY 2012, \$35,190 for FY 2011, and \$35,900 for FY 2010). Why has the administration's request remained nearly constant, in light of the deterioration of democratic standards in Russia?

Answer. The administration remains steadfast in its commitment to strengthen democracy, human rights, and the rule of law in Russia, while also recognizing our deeply constrained budget. Funding for "Governing Justly and Democratically" in Russia remains constant at approximately \$35 million each year even though the FY 2012 total request for Assistance for Europe, Eurasia, and Central Asia (AEECA) represents an approximate 10-percent decrease relative to FY 2011 and a 16-percent decrease relative to FY 2010. That figure represents over two-thirds of the total request for AEECA resources for Russia programs in FY 2012, and is over 25 percent larger than the funding requested for this sector for any other country in the region.

Question. How much in grants have been provided directly to local civil society and NGO groups in Russia during this administration?

Answer. Since FY 2009, the United States has provided a total of over \$46 million in bilateral assistance to support civil society in Russia. This assistance includes grants provided directly to Russian civil society groups to implement initiatives in areas such as human rights, the rule of law, and government transparency, as well as technical assistance and training to help those groups more effectively carry out their work. Last year, the United States provided nearly \$6 million in small grants directly to Russian organizations to carry out targeted civic initiatives, and the administration intends to increase the proportion of U.S. assistance funds used to support such grants in future years. Additionally, nearly half of the funds managed by USAID in Russia are allocated to programs implemented by Russian organizations, among the highest percentages in the world. This direct support for Russian organizations works both to promote democracy and assist in the sustainable development of Russian civil society.

Question. Have Russian or U.S. groups receiving money for civil society-related work come under pressure or harassment from Russian authorities during your tenure? If so, please describe your responses.

Answer. Over the years, Russian and American private organizations receiving U.S. assistance have experienced pressure or harassment. In each case, the United States has been proactive in raising concerns with the Russian authorities. For example, last year when Russian law enforcement authorities made additional requests for financial and other information from nongovernmental organizations receiving foreign funding, the administration raised concerns with government officials and stayed in contact with civil society actors. Authorities subsequently dropped their inquiries. U.S. assistance includes programs to improve the regulatory environment for Russian civil society, to help Russian civil society groups ensure that they are in compliance with Russian law, and to provide legal defense when necessary.

Question. Reports have indicated that representatives of the National Democratic Institute have come under particular pressure from Russian authorities. If this is accurate, please describe the administration's particular response.

Answer. Over the years in Russia, NDI staff members have experienced harassment ranging from visa problems to intimidation. In each case, the United States has been proactive in ascertaining what happened, raising our concerns with the Russian authorities, and showing solidarity with NDI staff by meeting them frequently, inviting them to our public events, and seeking resolution to their problems. The administration remains committed to strengthening democratic institutions and processes in Russia, including through support for NDI's work. The administration continues to consult and coordinate with NDI leadership in Washington and NDI staff on the ground in Russia.

Question. In your testimony, you note that \$9 million will be set aside for election/civil society work in the runup to the Russian elections. From what account will this money come?

Answer. The United States is committed to encouraging free and fair processes for Russia's December 2011 parliamentary elections and March 2012 Presidential election. This is demonstrated by the administration's robust package of over \$9 million in nonpartisan programs. This package supports domestic monitoring of the campaign environment and conduct of the elections, encourages professional and unbiased coverage by independent media, and assists civil society initiatives to promote civic participation in the electoral process. These programs are supported through approximately \$8 million in Assistance to Europe, Eurasia, and Central Asia (AEECA) account resources and over \$1 million in Democracy Fund (DF) account resources.

Question. Do you believe that the current Russia-Georgia WTO dispute has legitimate trade components or is it purely a political dispute?

Answer. The Russia-Georgia WTO negotiation does have a legitimate trade component. The focus of the current Swiss-led mediation process is on facilitating a transparent flow of trade across the internationally recognized Russia-Georgia border. The administration believes that the Swiss-led efforts to address these issues can succeed in a way that is fully consistent with Georgia's sovereignty and territorial integrity, which it has and will continue to support.

Question. Do you believe that Russia is negotiating with Georgia constructively and in good faith over the customs issues on Georgia's internationally recognized border?

Answer. Both Russian and Georgian negotiating teams have been meeting under Swiss-led mediation since late 2010 in an effort to reach an agreement on trade across Georgia's internationally recognized border with Russia. Although the United States is not directly involved in these talks, the administration strongly supports Switzerland's efforts and encourages both Russia and Georgia to deal with these issues in good faith and in a flexible and constructive manner. The fact that the two countries continue to meet and negotiate leads us to believe that Russia and Georgia can reach a workable solution.

Question. You have noted the benefits to U.S. businesses of Russia's WTO accession. Will Russia's WTO accession have any effect on the embargoes it currently has against its neighbors, including against Georgian water and Moldovan wine?

Answer. Once Russia is a member of the WTO, it will be required to comply with the WTO Agreement on Application of Sanitary and Phytosanitary Measures (SPS Agreement). Thus, Russia will have to either remove or justify the SPS measures that it currently applies to Georgian water according to WTO standards (there is no longer a ban against Moldovan wine). If Russia does not take one of those steps, Georgia, like all other WTO members, will be able to raise the issue in the WTO SPS Committee, and, if necessary, make use of WTO dispute settlement procedures. While the WTO will not solve all trade-related disputes between Russia and its neighbors, such disputes will no longer be just bilateral ones, but multilateral ones involving the full membership of the WTO.

Question. Please describe the role that the Russian Government is playing in trying to sway investment decisions in the Shah Deniz II fields, future Turkmen natural gas exports, and the Nabucco, ITGI, and TAP pipeline proposals. Do you believe that the Russian Government will be a roadblock to the creation of a Southern Energy Corridor from the Caspian to Central and Eastern Europe?

Answer. Russia has offered to purchase all of the Shah Deniz II gas from Azerbaijan. The administration has no indication the Shah Deniz consortium is seriously considering this offer since it is committed to exporting its gas through the Southern corridor. The Russian Government also has expressed its objections to construction

of a Trans-Caspian gas pipeline, which could bring Turkmen gas across the Caspian without using the existing Russian pipeline network.

The Shah Deniz consortium is reviewing the proposals it received from the Nabucco, Interconnector Turkey-Greece-Italy, and Trans Adriatic Pipeline ventures, and hopes to make a decision on which route to select by the end of the year. The biggest remaining obstacle is finalizing a gas transit agreement between Azerbaijan and Turkey, without which none of the projects can proceed. The administration is hopeful that will happen in the near future.

The administration supports any commercially viable Southern corridor option that will deliver Caspian gas to Europe, as long as it is designed in a way to accommodate future gas production as it becomes available.

Question. Do you believe that other pipelines being considered as alternatives to Nabucco (ITGI and TAP) provide the same benefit to U.S. strategic interests as the Nabucco pipeline?

Answer. The administration recognizes that Nabucco may have greater strategic importance than the alternative pipelines since it would deliver larger volumes of gas to a larger number of countries. However, it is not clear that there is adequate gas supply available to make a full scale Nabucco pipeline commercially viable. The administration has made it clear that we support any commercially viable Southern corridor option that will deliver Caspian gas to Europe, as long as it is designed in such a way as to accommodate future gas production as it becomes available. That could include a scalable Nabucco, ITGI, TAP or the Southeast Europe pipeline (which would use existing Turkish infrastructure, upgraded as necessary, and with new pipelines in Bulgaria, Romania, and Hungary, to deliver all of Azerbaijan's Shah Deniz gas to the Balkans).

Question. Please describe partnerships between Gazprom or other Russian energy companies and the partner companies in Nabucco, ITGI, and TAP.

Answer. Gazprom has commercial relationships with most of the companies who are partners in the competing Southern corridor projects: Nabucco, ITGI, and TAP. For example, Gazprom supplies gas to and has a joint venture with Austria's OMV; this joint venture operates the gas hub at Baumgarten, through which much of the gas from Nabucco would flow. Gazprom also supplies gas to and is considering a power plant joint venture with German utility Rheinisch-Westfälisches Elektrizitätswerk (RWE). Gazprom is a supplier of gas to Romania, Bulgaria, Hungary, and Turkey, all of whom are partners in Nabucco. Regarding ITGI, Gazprom is a supplier of gas to DEPA (Greek partner in ITGI) and Edison (Italian partner in ITGI); in addition, the French company EDF, which now effectively controls Edison, recently joined Gazprom's South Stream project. Regarding TAP, Gazprom supplies gas to E.ON Ruhrgas (Germany), one of the TAP partners, while Statoil, another of the TAP partners, is a partner of Gazprom in the Shtokman gas project in Russia.

Question. What is your view on the European Commission's recent examination of anticompetitive practices by Gazprom?

Answer. The administration supports the EU in its efforts to apply its regulatory regime to the energy sector. This includes examination of possible anticompetitive actions by both domestic and foreign companies operating in the EU on a non-discriminatory basis.

Question. What are the chief obstacles for U.S. energy companies investing in Russian energy production, local distribution, and export? If confirmed, what will you do to improve the domestic investment climate for Russia?

Answer. State dominance, the tax structure, and corruption in the energy sector are major obstacles for U.S. companies investing in Russia. The Russian mineral tax system makes the development of new fields economically unviable for Russian companies and foreign investors alike. Of every dollar earned from the sale of a barrel of Russian oil, 75 cents go to the state, and taxes are assessed on gross revenues, not profits. Russia has recently lowered duties on crude oil exports to encourage the development of new fields, but much more needs to be done to attract investment.

In order to maintain current production levels, Russia would benefit from collaboration involving sophisticated U.S. technology, particularly in developing Arctic fields, deep-water offshore drilling, and unconventional oil extraction in its Siberian tight oil fields. ExxonMobil's recent \$3.2 billion joint venture with Rosneft is consistent with our goals of promoting U.S. trade and investment with Russia, particularly in areas where the United States has a comparative advantage in technical and management expertise.

If confirmed, I would continue to seek better protection for all U.S. investors in Russia. The administration has begun exploratory discussions with Russia on a bilateral investment treaty. If confirmed, pursuing this and other initiatives to afford high levels of legal protections for U.S. investors in Russia will be one of my top priorities. A bilateral investment treaty would provide dispute resolution mechanisms for U.S. firms, as well as other legal protections. The administration will also continue to support programs—and bilateral and multilateral diplomatic efforts such as encouraging Russia to ratify and implement international treaties in this area—to encourage better protection of investor rights and more effective combating of corruption, particularly as Russia proceeds with plans to join the World Trade Organization. The administration has begun to see positive developments in this direction, such as important amendments to Russia's laws last year that enabled it to join the Working Group on Bribery of the Organization for Economic Cooperation and Development (OECD). Russia is now on track to ratify the OECD Anti-Bribery Convention early in 2012.

Question. Please characterize the transparency of the Russian energy sector in terms of ownership of key companies and management of revenues to the government.

Answer. Russia's energy sector is still dominated by large state-owned companies and 40 percent of the state's tax revenue comes from the energy sector. Rosneft, the state-owned oil company, accounts for over a quarter of Russia's oil production, and Gazprom, the state-owned gas company, accounts for almost 85 percent of Russia's natural gas production. The vast size of Russia's energy sector makes the Russian economy and the state's budget heavily dependent on the international price of oil and gas. Russia's leadership is keenly aware of this vulnerability and is striving to diversify and modernize its economy. The administration, together with U.S. investors in Russia, is engaging with Russia on a number of fronts, including in innovation and small business development, in order to help Russia diversify its economy, and at the same time, create more opportunities for American firms.

In addition, Russia has taken the important step of endorsing the Extractive Industries Transparency Initiative in the G8 and the United Nations. The Organization for Economic Cooperation and Development, to which it is trying to accede, has also endorsed the Extractive Industries Transparency Initiative.

Question. If confirmed, what will you do to promote smooth implementation of rules around the extractive industries disclosure currently being written by the SEC and under consideration in the European Commission?

Answer. Section 1504 of the Wall Street Reform and Consumer Protection Act signed by President Obama last July is a critical element in U.S. global leadership in promoting transparency. The United States encourages other countries to develop similar disclosure requirements. For example, the administration has encouraged other participants in the global energy market to participate in the Extractive Industries Transparency Initiative, a coalition of governments, companies, civil society groups, investors, and international organizations that supports improved governance in resource-rich countries through the verification and full publication of company payments and government revenues from oil, gas, and mining. The President's announcement in September in New York that the United States, working together with industries and civil society, will implement the Extractive Industries Transparency Initiative domestically, also provides a major boost to U.S. efforts to advance transparency globally.

Russia has endorsed the Extractive Industry Transparency Initiative in the G8, the United Nations, and the Organization for Economic Cooperation and Development. If confirmed, I will place a high priority on engagement with Russia on implementing these and other transparency efforts as a critical step to improve global energy security and to encourage more U.S. trade and investment in Russia's energy sector.

Question. How do you assess the potential of shale gas resources in Central and Eastern Europe to provide for greater energy independence for this region?

Answer. Shale gas development could have a significant impact on energy security for Central and Eastern Europe, but it should represent only one element of a larger sustainable energy security strategy for the region. A larger strategy should include the development of renewable energy resources, the diversification of natural gas supply through pipeline and liquefied natural gas networks, energy market reforms, and movement toward a more integrated regional energy network.

According to a recently released U.S. Energy Information Agency study on global shale gas resources, there is considerable potential for shale gas development in Central and Eastern Europe. Specifically, the report noted significant technically re-

coverable shale gas resources in Poland, Ukraine, Lithuania, Hungary, Romania, and Bulgaria. All these countries are in the very early stages of shale gas resource assessment and development. Among them, Poland has made the most progress in this area.

Not enough exploration has been done yet to understand the real potential of shale gas to bolster the region's long-term energy security. Poland, in particular has attracted considerable company interest. There have been positive results from the limited exploration that's been done, but questions remain about the extent of the country's recoverable shale gas resource base.

Unconventional energy development, especially shale gas, could play a key role in helping some Central and Eastern European countries increase energy security and reduce carbon emissions. However, there are other issues that must be considered. These include environmental concerns, especially related to potential impacts on air and water, as well as possible technological, political, regulatory, and financial constraints.

Question. What U.S. initiatives are underway to assist Central and Eastern Europe in developing its shale gas resources?

Answer. The U.S. Agency for International Development is planning to fund an initial environmental and regulatory assessment for unconventional gas development in Ukraine. Specific technical counterparts have been established and the required Environmental Scoping Statement is being prepared. This is under consideration as a model through which engagement on shale gas development issues could be expanded to other Central and Eastern Europe countries.

The State Department's Global Shale Gas Initiative has signed agreements to cooperate on shale gas development with Armenia, Lithuania, Poland, and Ukraine. This government-to-government program works with participant countries through a whole-of-government approach to help them better understand the myriad environmental, regulatory, legal, and financial issues involved in shale gas development. Engagement with Central and Eastern Europe has included visitor programs, briefings, field trips and site visits on both sides of the Atlantic, and dissemination of important information regarding the ongoing domestic efforts on environmentally sound shale gas development.

The U.S. Geological Survey is engaging with Central and Eastern European countries, in particular Poland, Ukraine and Armenia, by conducting technical shale gas resource identification and assessment workshops. Poland has participated in a State Department visitor program that included 10 days of meetings with U.S. government agencies and state regulators, with a focus on safe and environmentally sound shale gas development. There will be a similar Baltic Regional visitor program at the end of October which will include representatives from Estonia, Latvia, and Lithuania, as well as a second visit of stakeholders from Poland in December. The administration is consulting with Polish officials on the next phase of our cooperation on this issue.

In February 2011, the United States and Ukraine signed a Memorandum of Understanding on unconventional gas resources, and the administration has worked closely with Chevron and ExxonMobil to help them conclude production sharing agreements with Ukraine. Most recently, in October, Richard Morningstar led a meeting of our U.S.-Russia Energy Security Working Group, which focused on concluding a confidentiality agreement between the U.S. Geological Survey and Ukraine's Ministry of Ecology and Natural Resources, to assist Ukraine in evaluating its potential shale gas resources.

Question. My understanding is that NATO has not conducted an Article Five exercise in nearly a decade. Russia, on the other hand, conducts annual Zapad exercises, some of which have reportedly simulated a nuclear attack on its neighbors to the west. Have you had conversations with your Russian counterparts on the Zapad exercises and the detrimental impact they have on regional security?

Answer. NATO exercises are conducted on a regular basis to ensure the alliance is capable and prepared to address the range of security challenges we may confront. The United States is an active contributor to NATO's exercises and supports the participation of partners, as is appropriate.

The United States routinely stresses to Russia the importance of increased transparency on military exercises and activities. Following Russia's Zapad exercise in 2009, the United States and its NATO allies expressed concern to Russia in the NATO-Russia Council about the exercise's provocative scenario and lack of transparency.

The Chairman of the Joint Chiefs of Staff and the Russian Chief of the General Staff have recently agreed to enhance military transparency (including with regard

to exercises) within the context of their Military Cooperation Working Group. This should provide an excellent venue for discussing exercise objectives and the need for such exercises to reflect improved political realities.

Question. U.S. investors lost an estimated \$12 billion in the expropriation of Yukos last decade. Because no U.S.-Russian bilateral investment treaty is in force, these investors are left with few remedies.

- Are you confident that these investors have access to a remedy apart from the prospect of the United States Government espousing their claims?
- Are the remaining hurdles for espousal issues of law or issues of policy? Please explain.

Answer. The administration has raised the issue of American shareholders' claims with the Russian Government, both in public and in private. In addition, U.S. officials have met several times with representatives of American investors to discuss their claims and the options for seeking to have them addressed. The administration is still in the process of determining if espousal is a legally available option, but it is also not clear that espousal would be the most effective option. The Yukos shareholder claims involve complex legal and financial matters, and raise detailed questions of Russian tax law. The effectiveness of any particular option—including potential remedies in Russia, in international arbitration, or through settlements—will depend principally on Russia's commitment to resolving the claims of the American and other foreign shareholders in Yukos.

In connection with these issues, the U.S. Government is closely watching the international court and arbitration proceedings concerning the significant claims brought by Yukos investors from other countries and the Yukos Corporation itself, including the September 20 decision from the European Court of Human Rights. Future decisions in that court and in arbitral tribunals will continue to inform our position on many of the complex legal and factual issues at stake in this matter. These international courts and arbitration panels, made up of experts in international law, receive the benefit of full briefings, the parties' participation in a hearing, and expert opinions. Before making any final decisions on the best way to address the claims of American investors, the U.S. Government believes it should allow these proceedings to fully run their course. Please be assured that the administration will continue to coordinate with the representatives of American investors in this case.

Question. Do you support the negotiation of a U.S.-Russian bilateral investment treaty? What has prevented progress on this issue in the current administration?

Answer. The administration is continually working to seek better protection for U.S. investors in Russia, and negotiation of a new bilateral investment treaty is one of our goals. The United States and Russia negotiated and signed a bilateral investment treaty in 1992, but it never came into force because the Russian Duma never ratified it. The administration has begun exploratory discussions on a new treaty, and if I am confirmed, pursuing this and other initiatives to afford high levels of legal protections for U.S. investors in Russia will be one of my top priorities.

In any bilateral investment treaty concluded with Russia, the administration would want a strong, high-standard agreement that would level the playing field for U.S. companies in Russia, ensuring that they are treated fairly and according to the rule of law. Such a treaty would provide benefits for U.S. investors, including: (1) strong investor protections, such as protections against discrimination and uncompensated expropriation; (2) new market access commitments, which would allow U.S. firms to establish operations in Russia on the same terms as domestic Russian investors; and (3) a robust investor-state arbitration mechanism to ensure that U.S. companies in Russia have direct recourse to resolve investment disputes with the Russian Government through binding international arbitration. The administration believes that this type of agreement would simultaneously benefit U.S. companies and help advance many of Russia's own policy objectives, including improving its investment climate, stimulating innovation, and reducing corruption.

MISSILE DEFENSE AGREEMENT WITH MOSCOW

During your testimony before the committee on October 12, you stated:

[W]e very militantly kept out any discussion of missile defense from the New START Treaty negotiations. I [was] personally involved in that from the beginning to the end[.] But that was never an issue and there were no side deals done. And there are no constraints in that treaty whatsoever. . . . So, we're moving forward with or without Russian cooperation on missile defense. And I think it's important for people to understand that. . . .

With respect to Russia, we believe that our security, the security of our allies and the security of our partners in Europe can be enhanced through cooperation with Russia. That is our working assumption. And in particular tracking data that Russia has better access to or earlier and the sharing of that data could make both Russia, NATO, and our partners in Europe more secure. And so, that's why we've had a very vigorous program of trying to negotiate to get that started. . . . But of late, the negotiations have been difficult. In particular, they have broken down over Russian requirements—Russian demands that we sign a legally binding agreement that we will not undermine their strategic deterrent. And what we have responded to that is our missile defense systems are not aimed at Russia and we did not seek to undermine strategic stability. And at the same time, we are not going to sign any legally binding agreement that would in any way constrain our missile defense systems. And because Russia believes wrongly in our view, that phase four of the EPAA would be a threat to their ICBMs, we're at an impasse right now on those negotiations. We'll continue to work it. We'll continue to talk to them about it—after all, a lot of this is about physics. This is about perceptions. And you know we'll see what we have as we prepare for the [NATO] summit next May. I am not optimistic right now. But we're going to continue to work this issue.

In her remarks before the Atlantic Council's Missile Defense Conference in Washington, DC, on October 18, Under Secretary of State for Arms Control and International Security, Ellen O. Tauscher, stated "The missile defense system we are establishing in Europe is not directed against Russia. We have said that publicly and privately, at many levels. We are prepared to put it in writing."

On October 19, Russian President Dmitry Medvedev announced at meeting with his supporters that he would be making a statement on missile defense. In so stating, he said "certain conditions must ripen for me to make a relevant statement. . . . But I will make it and I will do this quite soon."

Separately, I am informed by my colleagues that the United States may be prepared to offer Russia the ability to, in some manner, observe missile defense tests.

Question. What missile defense talks with Moscow transpired between your appearance before the committee on October 12 and Under Secretary Tauscher's remarks on October 18?

Answer. On October 12–13, Under Secretary Ellen Tauscher and Deputy Foreign Minister Sergey Ryabkov met in Moscow as co-chairs of the Arms Control and International Security Working Group of the U.S.-Russian Presidential Commission to continue discussions on missile defense cooperation.

Question. Were you aware of the apparent agreement within some portion of the U.S.-Russia Bilateral Presidential Commission regarding Russian participation in U.S. tests of its missile defense system(s)?

Answer. The administration believes that missile defense cooperation is the best way for Russia to gain the assurance it seeks that the European Phased Adaptive Approach (EPAA) is not a threat to Russia's strategic deterrent. For this reason, U.S. officials have invited Russia to observe a test being carried out as part of the EPAA program. Russian participation would be strictly governed by the U.S. National Disclosure Policy.

Question. If you were not [aware of the apparent agreement within some portion of the U.S.-Russia Bilateral Presidential Commission regarding Russian participation in U.S. tests of its missile defense system(s)], are you now, and what agreement was reached, if any, and what did the United States offer, regardless of the outcome?

Answer. U.S. officials have invited Russia to observe certain tests of the European Phased Adaptive Approach. This is not a new development; this invitation was extended several months ago to Russia and all other members of the NATO-Russia Council. Russia has not yet responded.

Question. Please specify the content, legal significance and means (diplomatic notes, memoranda of conversations, etc.) through which the United States would provide "in writing" to Moscow that missile defenses in Europe are "not directed" against Russia beyond the myriad such statements already issued by this administration, and would they differ in any way from any of those previous statements.

Answer. The administration has consistently stated that it cannot, and will not, agree to legally binding restrictions or limitations on U.S. or NATO missile defenses. The administration has stated, publicly and privately, that the missile de-

fense system being established in Europe is not directed against Russia. The administration is prepared to put the same statement in writing as part of a political framework that would open the way for practical cooperation with Russia on missile defense. There are a variety of ways to establish such a political framework. No agreement has been reached on the content, and no decision has been made on a format. The political framework would not be a legally binding agreement.

Question. Would any agreement with Moscow permit or assist, in any manner, Russian observation, monitoring, or collection of data on U.S. missile defense tests, and if so, would it be done outside any relevant provisions of the New START Treaty?

Answer. The New START Treaty provides for the exchange of telemetric information on an equal number of launches of Inter-Continental Ballistic Missiles (ICBMs) and Submarine-Launched Ballistic Missiles (SLBMs), up to five launches each calendar year. This does not include launches of missile defense interceptors, because these are not ICBMs or SLBMs. The United States will not provide missile defense interceptor telemetry to Russia under the New START Treaty. If Russia accepts the invitation to observe a missile defense test, it would use its own equipment. The U.S. National Disclosure Policy would strictly govern any Russian observation of a missile defense test.

Question. Please specify how Russia, per Under Secretary Tauscher, "would continue to be able to confirm that the system is directed against launches originating outside Europe and not from Russia." Is the United States offering to assist Russian monitoring of American missile defense tests?

Answer. The administration continues to believe that the best way for Russia to gain confidence in our stated intentions on missile defense in Europe is through the missile defense cooperation the administration has proposed bilaterally and in the NATO-Russia Council. We believe that through day-to-day cooperation Russian experts would be able to confirm that the European Phased Adaptive Approach (EPAA) is not directed at Russia and that we do not plan EPAA operations against Russia. The United States does not consider Russia an adversary, and cooperation is the best way for Russia to gain transparency and reassurance that this is the case. Missile Defense Agency Director LTG O'Reilly offered Russia—as well as any NATO member—the opportunity to observe U.S. missile defense tests. The U.S. National Disclosure Policy would strictly govern any Russian participation in a missile defense test.

Question. Please confirm that the administration will not assist Russian monitoring or collection of information on (a) any missile defense interceptor, as defined in paragraph 44 of Part One of the Protocol to the New START Treaty; (b) any satellite launches, missile defense sensor targets, and missile defense intercept targets, the launch of which uses the first stage of an existing type of United States ICBM or SLBM listed in paragraph 8 of Article III of the New START Treaty; or (c) any missile described in clause (a) of paragraph 7 of Article III of the New START Treaty. If it would do so, then please specify why and how.

Answer. The administration believes that missile defense cooperation is the best way for Russia to gain the reassurance it seeks that the European Phased Adaptive Approach (EPAA) is not a threat to Russia's strategic deterrent. For this reason, U.S. officials have invited Russia to observe a test being carried out as part of the EPAA program. Missile Defense Agency Director LTG O'Reilly offered Russia—as well as any NATO member—the opportunity to observe U.S. missile defense tests. U.S. National Disclosure Policy would strictly govern any Russian observation of a missile defense test.

Question. Under Secretary Tauscher also stated "We welcome an opportunity to continue and expand the sharing of technical information on the EPAA with Russian experts on an interagency basis, to demonstrate what it can and cannot do."

- a. Please specify all technical data (i) shared with Moscow regarding the EPAA; (ii) that would be shared; and (iii) that the United States would not share; or (iv) would not need to share with Moscow regarding the EPAA to confirm what any element of any phase of the EPAA "cannot do."

Answer. U.S. officials have shared unclassified technical information on the EPAA with Russian counterparts over the past 2 years, in order to demonstrate that the EPAA does not threaten Russian deterrent forces or undermine strategic stability. In May 2011, U.S. officials presented an unclassified briefing to Russia explaining why U.S. missile defenses are not a threat to Russia, using physics and realistic unclassified performance parameters. U.S. officials also presented a similar briefing in

June to the NATO-Russia Council. The administration is prepared to continue to pursue this dialogue, within the bounds of U.S. National Disclosure Policy.

- b. The Under Secretary specified such data would be shared on an "interagency basis." Could technical data be shared with Moscow outside of any form of license or authorization under relevant statutes and regulations even if the Defense Technology Cooperation Agreement (DTCA) with Moscow has not entered into force?

Answer. Exchanges with Russia based on unclassified information on the European Phased Adaptive Approach began 2 years ago, shortly after the program was announced. These exchanges could be expanded following conclusion of a Defense Technology Cooperation Agreement. Negotiations on a Defense Technology Cooperation Agreement began during the previous administration and are continuing.

Question. With regard to any element of the EPAA or the two-stage Ground-Based Interceptor, is the United States prepared to allow Russian access or observation of any flight tests? If so, under what conditions and at which sites would such access and observation be permitted?

Answer. The United States has invited Russia to observe an EPAA flight test in the Pacific. Russia would use its own equipment. Russian participation would be governed by U.S. National Disclosure Policy.

Question. Under Secretary Tauscher further stated "through cooperation we can demonstrate the inherent characteristics of the system and its inability to undermine Russian deterrent forces or strategic stability."

- a. Please specify which "inherent characteristics" of each element of the EPAA, including those yet to be developed or tested, such as the SM-3 Block IIB, would confirm that such systems do not undermine Russian deterrent forces or, more broadly, strategic stability.

Answer. The mission of the European Phased Adaptive Approach (EPAA) is to counter launches from the Middle East. It is not designed to counter Russian strategic forces, nor is it capable of doing so. This is true of all four phases, and the administration believes that through day-to-day cooperation Russian experts would be able to confirm that the EPAA is not directed at Russia and that we do not plan EPAA operations against Russia. The United States does not consider Russia an adversary, and cooperation is the best way for Russia to gain transparency and reassurance that this is the case.

- b. In your opinion, would it be unwise to provide any additional, written assurances to Moscow before the operational capabilities and characteristics of any element of the EPAA are known?

Answer. The way for Russia to gain the assurance it seeks is to engage in missile defense cooperation with the United States and NATO.

As the President stated in his December 18, 2010, letter to Senators Reid and McConnell, ". . . as long as I am President, and as long as the Congress provides the necessary funding, the United States will continue to develop and deploy effective missile defenses to protect the United States, our deployed forces, and our allies and partners."

If confirmed, I would work with my colleagues in the administration to seek a political framework that would open the way for missile defense cooperation with Russia, without any limits on our ability to develop and deploy missile defenses, so that U.S. missile defenses are free to keep pace in response to the evolution of the threat.

Question. The Russian Ministry of Foreign Affairs (MFA) was quick to dismiss Under Secretary Tauscher's remarks, according to Russian press. An October 19 Interfax report quoted an MFA official stating "We need reliable legal guarantees!]"

The Senate made clear (and the President certified) that American missile defense systems, including all phases of the Phased Adaptive Approach to missile defenses in Europe, the modernization of the Ground-Based Midcourse Defense system, and the continued development of the two-stage Ground-Based Interceptor as a technological and strategic hedge, will not threaten the strategic balance with the Russian Federation under Condition 14 of the resolution of advice and consent to the New START Treaty.

Russia is unwilling to accept both cooperation and assurance, seeking only legally binding limitations on American missile defenses.

Since Russia has apparently rejected all efforts to date, and if the most recent reports from Moscow are true, then what is the administration willing to do to further reassure Moscow regarding each of the following:

- (a) All phases of the Phased Adaptive Approach to missile defenses in Europe;

- (b) The modernization of the Ground-Based Midcourse Defense system; and
- (c) The continued development of the two-stage Ground-Based Interceptor as a technological and strategic hedge.

Answer. The missile defense system being established in Europe is not directed against Russia, nor is it capable of countering Russian strategic forces or undermining strategic stability. Senior officials of the Department of Defense have extensively briefed Russia on why U.S. missile defenses are not a threat to Russia, using physics and realistic unclassified performance parameters. A similar briefing has been presented to the NATO-Russia Council. The administration is prepared to continue to pursue this dialogue, within the bounds of U.S. National Disclosure Policy. In addition, Missile Defense Agency Director LTG O'Reilly offered Russia—as well as any NATO member—the opportunity to observe certain U.S. missile defense tests.

The best way for Russia to gain the assurance it seeks is through the missile defense cooperation we have proposed bilaterally and in the NATO-Russia Council. As I stated at my hearing, continued Russian calls for legally binding assurances, such as those cited in the question, are grounds for pessimism.

Question. In a White House Press Briefing after the bilateral meeting between President Obama and President Medvedev, in Deauville, France, you were asked for details about a potential political agreement on missile defense cooperation between the two countries, to which you responded: “we got a new signal on missile defense cooperation that as soon as I’m done here I’ll be engaging on that with the rest of the U.S. Government.”

- What was the nature of that agreement or “new signal,” and what are, in fact, the plans for missile defense cooperation and/or data sharing with the Russian Federation?

Answer. During the meeting between President Obama and President Medvedev on the margins of the G8 summit in Deauville, the two Presidents agreed to signal to their respective teams their continued commitment to missile defense cooperation. They committed to working together so that the United States and Russia can find an approach and configuration that is consistent with the security needs of both countries, maintains the strategic balance, and deals with the potential ballistic missile threats that we both share. The administration is committed to continuing to work with Russia, in full accord with our NATO allies, to explore areas of missile defense cooperation that are in our mutual interests.

Question. In your testimony, you stated before the committee that: “For the upcoming parliamentary and Presidential votes in Russia, we have allocated \$9 million—\$1 million more than spent for the previous round of national elections in 2007–2008—to support activities designed to strengthen free and fair elections.”

- a. Are these funds specifically set aside for the parliamentary and Presidential votes, or does this money include general rule-of-law and civil society funding?

Answer. The United States is committed to supporting those in Russia pressing for free, fair, and participatory electoral processes, including through over \$9 million in assistance programs. Over \$8 million of this total was set aside for political process programs, and the balance of approximately \$1 million was set aside for civil society programs with components related to these elections. An additional \$10 million in FY 2011 programs are dedicated to strengthen the rule of law and promote human rights, and these programs do not have specific elections components.

- b. When was this \$9 million allocated?

Answer. Approximately \$8 million was allocated for programs related to the upcoming elections that were developed in early 2011. Recognizing the importance of these elections, in the summer of 2011, the administration allocated another \$1 million in additional resources for programs targeted to fill gaps in assistance.

- c. How, specifically, will this money be used (or has this money been used) “for the upcoming parliamentary and Presidential votes in Russia”?

Answer. These funds will be used to support long-term observation of the pre-election environment by independent Russian civil society groups in 48 regions. The intent is for these groups to monitor issues such as the use of administrative resources and bias in media coverage during the campaign. The United States will also support short-term election monitoring in 40 regions by 3,000 Russian observers. U.S.-supported seminars will encourage professional and unbiased press coverage of the elections. The administration is also committed to supporting public awareness campaigns, roundtables, internet platforms, documentaries and other civil society initiatives that promote public debate and engagement in the electoral

process. The administration will also support public opinion polls that will help to identify the electorate's preferences and track trends over time.

RESPONSES OF MICHAEL McFAUL TO QUESTIONS SUBMITTED
BY SENATOR BENJAMIN L. CARDIN

Question. Having worked for the National Democratic Institute, you are well aware that they pioneered the election observation methodology that became the OSCE's methodology and the international gold standard for observing elections. This methodology and the OSCE's Office of Democratic Institutions and Human Rights are under a constant and cynical attack from Russia with the tired cry of double standards. What can be done at this stage and under these circumstances to improve the dynamic between Russia and the ODIHR? Is it too late to influence Russia's coming polls for the better? If so, what can be done to effectively and credibly document gaps between the reality on the ground and Russia's myriad commitments in the area of democratic elections?

Answer. The United States continues to encourage Russia to conduct free and fair elections and to focus American assistance to strengthen democratic institutions in Russia. The United States strongly supports the work of the OSCE's Office of Democratic Institutions and Human Rights. President Obama has publicly and privately stressed the importance for Russia's future of transparent, accountable, democratic government. In the administration's view, it is in Russia's interest to address those challenges, and it's in the interest of Americans to support political and economic modernization in Russia.

Domestic and international election monitors play a critical role in this process, and the United States has welcomed the invitation by Russia's Central Election Commission to international observers, including an Election Observation Mission from OSCE's Office of Democratic Institutions and Human Rights and the OSCE Parliamentary Assembly, for the December 4 parliamentary elections. This indicates an improvement from the situation in 2007 and 2008; ODIHR Long Term Election Observers will be on the ground in Russia for a total of 5 weeks before and after election day on December 4, which will enable them to assess the political climate and ascertain whether parties are granted a level playing field in the runup to election day.

While the administration welcomes the invitation to ODIHR election observers, it is disappointed that the authorities denied registration to the Party of People's Freedom (PARNAS), which prevents this party from participating in the elections and thus makes the elections less competitive from the very start. The administration will continue to observe the electoral process in Russia, and looks forward to ODIHR's assessment.

In addition to American support for the ODIHR observation mission, the United States is providing over \$9 million in nonpartisan assistance to encourage free and fair elections. This includes support for domestic monitoring of the campaign environment and the conduct of the elections in 40 regions by 3,000 Russian observers. In tandem with international observers, these domestic monitors will document the extent to which Russia fulfills its international commitments to democracy.

Question. Now that the United States has implemented targeted visa sanctions in the Magnitskiy case, what steps has the administration taken to encourage our European allies to take similar steps in this and other cases? What about asset freezes?

Answer. The administration has made its concerns about the Magnitskiy case clear at the highest levels of the Russian Government, and has demanded that those responsible for his death and detention be held accountable. As you are aware, the administration has identified grounds of visa ineligibility under U.S. law to bar the entry into the United States of persons responsible for the death and detention of Sergey Magnitskiy. In addition, Presidential Proclamation 8697 issued this August provides additional authority to bar admission to serious human rights abusers. The proclamation specifically lists arbitrary detention as a serious human rights violation.

The administration regularly discusses the human rights situation in Russia—including the Magnitskiy case—with our European allies and in meetings with the European Union.

The administration has procedural concerns about requirements that would potentially freeze assets in the absence of a strong evidentiary standard and limited corroborated information.

Question. As a native of Montana and a resident of California, you have grown up and lived in some of America's most beautiful landscapes. Russia also has breathtaking natural beauty and a budding environmental movement including those struggling to keep Lake Baikal's waters pure and those fighting to save the Khimki Forest in suburban Moscow. What ideas do you have for sharing our rich environmental tradition, including its art such as the Hudson Valley School, literary figures like John Muir, Theodore Roosevelt, and Aldo Leopold, or activists from the Sierra Club to Earth First?

Answer. The United States support for environmental activism and community participation is vital to supporting shared environmental and conservation goals with Russia. The administration has worked together with Russia on issues from tiger conservation to protecting against invasive species with nongovernmental and governmental partners. The Environment Working Group under the U.S.-Russia Bilateral Presidential Commission has raised the profile of these issues on our bilateral agenda and increased policy support, dialogue, and, in some cases, project funding.

Recent activities of the Environment Working Group include a U.S. Forest Service initiative to set up mobile fire brigades in the Russian Far East that protect the habitats of endangered species like the Amur tiger and leopard. U.S. Forest Service specialists also have traveled to the Lake Baikal area to share expertise and best practices on ecotourism, and Russian academics visited Lake Tahoe to exchange information with American specialists on water management and economical use of water basins with similar climatic and physical conditions. Department of Justice experts conducted a seminar in Khabarovsk on illegal logging and the U.S. Lacey Act combating trafficking in illegal wildlife, fish, and plants. The National Park Service also supports scientific and cultural exchanges across the Bering Strait each year.

Through the Environment Working Group, the administration has sought to find ways to share our culture of deep environmental preservation. For example, a recent U.S. Forest Service exchange brought Russian Forest Service professionals to Pennsylvania's Grey Towers, the ancestral home of Gifford Pinchot, the first chief of the U.S. Forest Service, where they learned about Roosevelt and the legacy of Mr. Pinchot in forest management and the establishment of the U.S. Forest Service.

RESPONSES OF MICHAEL MCFARL TO QUESTIONS SUBMITTED
BY SENATOR JAMES E. RISCH

Question. What does Prime Minister Putin's announcement that he will once again seek the Presidency in 2012 say about the statements made by yourself and others, including Vice President Biden, that the "reset" was aimed at building up President Medvedev? How will Putin becoming, in effect, president-for-life affect the "reset"?

Answer. This administration's policy has always been first and foremost about advancing U.S. interests. Since being elected in 2008, President Obama has developed an excellent working relationship with President Medvedev, who is his direct counterpart as head of state. Putin has served as Prime Minister and head of government during the entire tenure of the Obama administration. He has been a key part of the Russian Government's policy process, and our approach to Russia throughout this period has recognized this fact. President Obama and Vice President Biden each met with Prime Minister Putin during their visits to Russia.

The question of who will serve as President of Russia is one that the Russian people should decide for themselves. The administration will continue to build on the progress of the reset regardless of who serves as the next President of Russia because it is in the interest of the United States to do so, and because the policy is also directed more broadly at strengthening the ties between our countries' institutions and societies.

Question. How would you describe the harassment of U.S. Embassy personnel by Russian security services? Can you provide a list of harassment claims against U.S. personnel committed by Russian security services since 2006?

Answer. The safety of U.S. citizens abroad—including that of personnel serving at our diplomatic missions—is of the utmost importance to the United States. The administration remains troubled by harassment of U.S. mission personnel by Russian security services, and has repeatedly expressed these concerns to the Russian Government.

The details of these incidents are considered classified under U.S. law. We would welcome the opportunity to provide a briefing in a classified setting.

Question. Do you believe the supervisor positions in the Foreign National Guard Force at U.S. Embassy Moscow should be U.S. citizens or Russian nationals? What steps will you take to ensure that the supervisors are from the United States?

Answer. Both the current administration and the previous administration have considered the option of American guard supervisors to provide 24-hour onsite supervision for the local guard force stationed at the outer perimeter of the U.S. Embassy Compound in Moscow. The Embassy Compound houses not only the Chancery but housing units, the motorpool, cafeteria and other unclassified administrative and technical offices. Twenty-four hour access to the Chancery itself is controlled exclusively by U.S. Marine Security Guards. The classified section of the Chancery has an additional U.S. Marine Security Guard post and one of the most robust layered security systems of any U.S. diplomatic mission abroad. The U.S. Embassy in Moscow has one of the largest U.S. Marine Security Guard presences of any U.S. diplomatic mission abroad. The costs and benefits of cleared American guard supervisors have been discussed previously with congressional committees and the administration is ready to provide a briefing and engage in a dialogue on this issue. If confirmed, upon my arrival, I will review the option of American guard supervisors for the local guard force.

Question. What is your reaction to the recent Telegraph article entitled "Russia 'Gave Agents License To Kill' Enemies of the State." There have been claims that Russian security services murdered Alexander Litvenko in London. What is your take on the situation and would they commit a similar act in the United States?

Answer. As then-Secretary of State Rice said in December 2006, soon after Litvinenko's death, "We've been clear to the Russian Government that all of these issues need to be investigated and investigated thoroughly . . . and our principal role is to try to be supportive of the British Government in any way we can."

The murder of Mr. Litvinenko was a horrible crime. Those responsible for the poisoning of Alexander Litvinenko must be brought to justice. British authorities are currently investigating the case and have requested the extradition of Andrei Lugovoi from Russia.

The administration continues to follow developments in the case. The administration is aware of the referenced article in the Telegraph but cannot speak to the authenticity of any of the documents referenced or comments made in the press.

Question. What is your opinion of the Russian policy toward Grozny?

Answer. The human rights situation and level of terrorist activity in Chechnya and throughout the North Caucasus remain a cause for continuing concern. Chechnya, Dagestan, Ingushetia and Kabardino-Balkaria have experienced insurgent violence and terrorist attacks. Russian security forces' operations in Chechnya have led to noncombatant deaths and human rights violations. The human rights record of Chechen authorities under Ramzan Kadyrov's leadership is especially poor, as the State Department's annual Human Rights Report has noted.

The Russian Government has announced ambitious plans to support the economic development of the North Caucasus as a means to countering violent extremism. The region remains poor and underdeveloped with a high unemployment rate.

While the regional economy needs attention, it is equally important that the Russian Government address the human rights situation, particularly rule of law, corruption, and religious freedom.

The United States overall assistance package for Russia includes an \$8 million portfolio of programs targeting conflict mitigation, health, and democracy and governance activities in the North Caucasus. These programs include efforts to increase opportunities for the region's youth, monitor and protect human rights, promote entrepreneurship, fight corruption, and support journalists.

Question. How will the upcoming Sochi Olympics impact Russian policy to the Caucasus?

Answer. Preparations for the 2014 Winter Olympic Games in Sochi present Russia with an array of political, economic, and security challenges. The Krasnodar Krai (region) where Sochi is located will see an unprecedented inflow of capital, workers, and international visitors during the preparatory period and during the Games themselves. This region borders the North Caucasus Federal District, and the security situation there will clearly influence Russia's decisions on a wide array of issues in the months leading up to the Olympics.

The administration is in close contact with Russian authorities as the preparations go forward to ensure the safest possible environment for the American and international athletes, staff, and spectators who will be present. In the context of those discussions, we consistently represent to the Russian Government our concern

that security measures be proportional to the threat and respectful of human rights and fundamental freedoms.

If I am confirmed, I will pay close attention to issues involving the safety and security of Americans traveling to the Sochi Olympics.

Question. Recently, the Georgian military suffered from a shortage of spare parts (brake pads) for military vehicles, which undermined the safety of U.S. military personnel training with the Georgians.

- a. What is the reason that the U.S. Ambassador in Georgia needed to personally intervene in getting Washington to authorize the sale of spare parts for military vehicles in Georgia?

Answer. The Ambassador routinely communicates with his counterparts throughout the executive branch on the full range of issues on the U.S.-Georgia bilateral agenda. The administration works closely with Georgia to ensure that it has the necessary materials and equipment to support the International Security Assistance Force (ISAF) in Afghanistan.

- b. If Russia can provide advanced nuclear technology to Iran, what is the logic behind the U.S. unwillingness to sell Georgia basic military equipment?

Answer. The administration reviews all requests for export licenses and arms transfers individually, assessing legal, technical, and policy considerations on a case-by-case basis. Our security assistance and military engagement with Georgia is currently focused on two areas. The first is comprehensive assistance to support Georgia's defense reform and modernization along Euro-Atlantic lines. Second, the United States provides training and equipment to enable Georgian forces to operate effectively alongside U.S. and NATO forces in the Afghan counterinsurgency environment in conjunction with Georgia's generous contributions to ISAF operations in Afghanistan.

- c. Will you provide for the committee all military Letters of Request (LOR) put forward by the Georgian Government, as well as the responses provided by the U.S. Government?

Answer. The information you have requested is an internal executive branch communication. The State Department's longstanding practice is to consider release of internal executive branch communication documents when requested by the chair of a committee of jurisdiction. Under these circumstances, we respectfully ask that you channel your request through the chair of a committee of jurisdiction, at which point we would be pleased to respond. The Department is committed to providing Congress with the information it needs to fulfill its legislative duties.

- d. If the Republic of Georgia requested access to antitank, anti-air, and anti-personnel weapons tomorrow for the defense of its territory, would you support the approval of licenses for the sale of those weapons?

Answer. In keeping with standard practice, the administration reviews all requests for export licenses and arms transfers individually, assessing legal, technical, and policy considerations.

- e. Will you provide to the committee all National Security memos on arms sales to Georgia that you either drafted and/or approved/disapproved, especially those based on cables from Ambassador Beyrle in Moscow?

Answer. The document that you have requested is an internal executive branch communication. The State Department's longstanding practice is to consider release of internal executive branch communication documents when requested by the chair of a committee of jurisdiction. Under these circumstances, we respectfully ask that you channel your request through the chair of a committee of jurisdiction, at which point we would be pleased to respond. The Department is committed to providing Congress with the information it needs to fulfill its legislative duties.

Question. As part of congressional action allowing for Russian admission to the WTO, would you support a legislative provision requiring the President certify that Russia is not militarily occupying territory of another WTO member?

Answer. The United States remains firmly committed to its support for Georgia's territorial integrity and sovereignty and to its position that Russia should adhere to its 2008 cease-fire commitments and to withdraw its forces to preconflict positions. The administration, both in bilateral meetings and in multilateral fora, continues to raise Russia's militarization and lack of transparency in the separatist regions, including the construction of military bases in South Ossetia and Abkhazia.

A consensus decision on the terms of accession to the WTO of any country made by WTO member states is based on whether or not that country's trade regime is

in compliance with WTO rules, or the country's government has made the necessary commitments to bring its regime into compliance. The administration has based its "reset" policy with Russia in part on the premise that problems in one area of our relationship should not preclude progress in others. The United States has disagreements with Russia on a variety of issues, including Russia's military occupation of Georgia's separatist regions, but the administration has tried to pursue each of these issues on its own merits.

Question. How much time passed between when you learned that a bomb was placed in the vicinity of the U.S. Embassy in Georgia and when Congress was first briefed?

Answer. The administration has held a number of discussions with Congress on this issue, including classified intelligence briefings.

Immediately after the incident that occurred near the U.S. Embassy, the administration coordinated closely with Georgian law enforcement to support their investigation. The administration has also raised the allegations by Georgian authorities of Russian involvement directly with the Russian Government at high levels and urged the avoidance of any actions in Georgia that could impact regional stability and security.

Question. In a White House Press Briefing after the bilateral meeting between President Obama and President Medvedev, in Deauville, France, you were asked for details about a potential political agreement on missile defense cooperation between the two countries, to which you responded: "we got a new signal on missile defense cooperation that as soon as I'm done here I'll be engaging on that with the rest of the U.S. Government." Despite efforts to understand the nature of that "new signal" we still do not know what was agreed to by the two Presidents.

- a. Please explain the nature of that agreement or "new signal," and what are the plans for missile defense cooperation and/or data-sharing with the Russian Federation? Can you provide us a record of this discussion?

Answer. During the meeting between President Obama and President Medvedev on the margins of the G8 summit in Deauville, the two Presidents agreed to signal to their respective teams their continued commitment to missile defense cooperation. They committed to working together so that the United States and Russia can find an approach and configuration that (1) is consistent with the security needs of both countries; (2) maintains the strategic balance; and (3) deals with the potential ballistic missile threats that both nations face. The administration is committed to continuing to work with Russia, in full accord with our NATO allies, to explore areas of missile defense cooperation that are in our mutual interests.

- b. Please inform the committee when we can have access to the Defense Technical Cooperation Agreement (DTCA) that the administration is negotiating with Russia on U.S.-Russia missile defense cooperation.

Answer. The Obama administration is committed to keeping Congress informed of our missile defense efforts. In keeping with the longstanding practice of this and past administrations, the Obama administration would be pleased to provide a classified briefing on the Defense Technical Cooperation Agreement, including developments from the latest round of U.S.-Russia meetings.

Question. What is the status of NATO-Russia cooperation on missile defense and will the administration pledge to share any proposed language for the Chicago summit statement regarding such cooperation with Congress prior to the summit?

Answer. At the 2010 NATO-Russia Council (NRC) summit in Lisbon, NATO and Russia agreed to resume theater missile defense cooperation and develop a comprehensive Joint Analysis of the future framework for missile defense cooperation.

Irrespective of how this cooperation develops, the alliance alone bears responsibility for defending NATO's members, consistent with our treaty obligations for collective defense. The administration has been clear with Russia that we cannot accept any agreement that would limit or constrain the deployment of our missile defenses—no nation will have veto power over U.S. missile defense efforts—and that NATO will be responsible for the defense of NATO territory, while Russia will be responsible for the defense of Russian territory.

To date, no agreement has been reached to hold a NATO-Russia summit in Chicago in May 2012. In keeping with longstanding practice, the administration would welcome the opportunity to provide a briefing on missile defense cooperation between NATO and Russia.

Question. How would you characterize the state of U.S.-Russian cooperation on Iran, especially given Moscow's recent proposal to Tehran, not approved by the

United States, or other P5+1 partners, to begin to remove sanctions if Iran took several small steps to slow its nuclear program, all short of suspension of enrichment.

Answer. The United States and Russia are committed to the dual track approach of sanctions in support of diplomacy to resolve our serious concerns over Iran's nuclear program. Russia has proven over an extended period of time to be an important partner in the development and implementation of international sanctions on Iran. In September in New York, the P5+1 (including Russia) made clear in the statement released by EU High Representative Ashton that we remain "determined and united in our efforts to work toward a comprehensive, negotiated, long-term solution." The international community will not lift sanctions until Iran has fulfilled its international obligations.

Question. Given that nine parties were denied access to the ballot for the December 4 Russian parliamentary elections, does the administration view these elections and their results as legitimate?

Answer. The administration has expressed its strong disappointment both publicly and privately in meetings with senior Russian officials that the Russian Central Election Commission denied registration to these parties, thereby preventing them from fielding candidates in the upcoming elections. Access to the ballot is a key part of the democratic process, and this makes Russia's parliamentary elections less competitive than they could be.

Russia's Central Election Commission has issued an invitation for international observers, including an Election Observation Mission from OSCE's Office of Democratic Institutions and Human Rights (ODIHR) and the OSCE Parliamentary Assembly, for the December 4 parliamentary elections. ODIHR Long-Term Observers will be on the ground in Russia for 5 weeks before and after the elections, which will enable them to assess the political climate and whether the elections process and the elections themselves meet international standards. The administration looks forward to ODIHR's assessment, as well as the assessments of other international and domestic observers. The United States is providing over \$9 million in nonpartisan assistance to encourage free and fair election processes in Russia. This includes support for domestic monitoring of the campaign environment and the conduct of the elections in 40 regions by 3,000 Russian observers.

Question. What will you do to assist the Russian political opposition and if confirmed, will you use your platform as U.S. Ambassador to meet with leading opposition figures and to hold the regime accountable when political parties are not allowed to register, journalists threatened, and activists imprisoned?

Answer. In my current job at the White House, I meet regularly with leaders of Russia's political opposition and civil society. The Obama administration has raised publicly and privately our concerns about democratic violations and human rights abuses. If confirmed, I will ensure that the United States continues to use all of the tools at its disposal to support those seeking to strengthen democracy in Russia. This will include meeting with the full range of political figures, raising concerns under the Bilateral Presidential Commission and in other fora regarding democratic deficiencies, and promoting civil society development, rule of law, human rights, independent media development, and good governance through U.S. assistance programs. As someone who has worked on these issues for more than a quarter century, I have the experience necessary to add vigor to our efforts in Russia, and if confirmed, I would use my role as U.S. Ambassador to make further progress on democratization and rule of law.

Question. What do you believe the arrest, detention, and two trials of Khodorkovsky, as well as the dismantling of Yukos reveal about the rule of law in Russia? Should the United States care about cases like this?

Answer. The United States has closely followed the trials of Mikhail Khodorkovsky and the dismantling of Yukos. President Obama, Deputy Secretary of State William Burns, and Ambassador John Beyrle have spoken about the case in public interviews in Russian media, stressing our government's concerns over rule-of-law issues and interest in seeing the claims of American investors addressed. U.S. officials have also raised the case on multiple occasions in private with senior Russian officials.

Secretary Clinton noted in December that the Khodorkovsky case raises serious issues about selective prosecution and the independence of the judiciary in Russia. The Russian Government cannot nurture a modern economy without also developing an independent judiciary that serves as an instrument for furthering economic growth, ensuring equal treatment under the law and advancing justice in a predictable and fair way. These basic tenets are not only important to the Russian people

and their country's development, but also to Americans who want to know that their investments in Russia are protected as well.

Question. In December 2010, before a Russian court announced its verdict in Khodorkovsky's second trial, Prime Minister Putin called for the conviction of Khodorkovsky. President Medvedev said statements like this were improper, but it also seems to have affected the verdict when one judicial assistant later admitted the verdict was "directed from elsewhere." Do you believe the trial was fair and the verdict just?

Answer. The administration has noted the allegations by individuals closely involved in the court proceedings that the process was not a proper one. As Secretary Clinton said on December 27, 2010, the guilty verdict in the second trial of Mikhail Khodorkovsky and Platon Lebedev on charges of embezzlement and money laundering raises serious questions about the apparent selective application of the law to these individuals. The administration is troubled by the use of the legal system to silence the voices of political opposition, and those calling for fair dealings and accountability in the Russian economy.

Question. You mentioned in your testimony that you believe those involved in the murder of Sergey Magnitsky should be barred from travel to the United States; do you also support freezing their assets?

Answer. The United States has made its concerns about the Magnitsky case clear both publicly and at the highest levels of the Russian Government, and demanded that those responsible for his death and detention be held accountable. As I noted during my confirmation hearing, the administration has identified grounds of visa ineligibility under U.S. law to bar the entry into the United States of persons responsible for the death and detention of Sergey Magnitsky. In addition, Presidential Proclamation 8697 issued this August provides additional authority to bar admission to serious human rights abusers and the proclamation specifically lists arbitrary detention as a serious human rights violation.

The administration has procedural concerns about requirements that would potentially freeze assets in the absence of a strong evidentiary standard and limited corroborated information.

Question. I understand on October 12, 2011, during a visit to Moscow, Assistant Secretary of State for Democracy, Human Rights and Labor Posner gave an interview with Radio Ekho Moskvy during which he questioned the right of Congress to set conditions for visa denials. Does the administration share the view of Assistant Secretary Posner that Congress does not have the constitutional and legal authority to set conditions for visa approval or denial? Could you please clarify what Assistant Secretary Posner said, and whether you agree with his statement?

Answer. Assistant Secretary Posner has been a strong proponent of sanctioning those involved in Sergey Magnitsky's death. When asked about the proposed Magnitsky legislation during the Ekho Moskvy interview, Assistant Secretary Posner noted that the administration, under existing authority provided by U.S. law, has taken appropriate measures to bar entry into the United States of individuals involved in the wrongful death of Sergey Magnitsky—thus enactment of the proposed legislation is not necessary.

Assistant Secretary Posner, along with other administration officials, is in regular contact with Members of Congress to discuss our shared concerns about the lack of accountability in the Magnitsky case, and the general human rights situation in Russia, and to consider how the U.S. Government can better advance human rights, the rule of law, and democratic development in Russia.

During his recent trip to Moscow, Nizhny Novgorod and Kazan, Assistant Secretary Posner met with government officials as well as also civil society activists and opposition leaders and discussed the full range of our human rights and democracy concerns in Russia.

RESPONSE OF MICHAEL MCFaul TO QUESTION SUBMITTED
BY SENATOR JAMES M. INHOFE

Question. Before Yukos Oil was seized, American investors collectively owned approximately 15 percent of Yukos Oil—or \$12 billion in value today. The American investors in Yukos included several public pension funds and more than 70 institutional investors in at least 17 States. There were also over 20,000 individual American investors who owned Yukos shares directly, in addition to the hundreds of thousands who owned shares indirectly through mutual funds.

The United States has no bilateral investment treaty (BIT) with Russia, leaving Americans with no other means to be compensated. Other foreign owners of Yukos have been able to initiate BIT claims, and a U.K. investor recently won such a case. It is my understanding that only through the legal mechanism of espousal by the United States can an appropriate and fair resolution be obtained for these U.S. investors.

In June 2008, American investors formally petitioned the State Department to undertake government-to-government negotiations with Russia to resolve these Yukos claims.

- What do you believe the administration should do with this petition?

Answer. U.S. officials have raised and will continue to raise the matter of American shareholders' claims with the Russian Government, both in public and in private. Ambassador Beyrle and Deputy Secretary of State Burns have spoken about the case in public interviews in Russian media, stressing our government's interest in seeing these claims addressed. U.S. officials have also met several times with representatives of American investors to discuss their claims and the options for seeking to have them addressed.

The administration is closely watching the international court and arbitration proceedings concerning the significant claims brought by Yukos investors from other countries and the Yukos Corporation itself, including the September 20 decision from the European Court of Human Rights. Future decisions in that Court and in arbitral tribunals will continue to inform the administration's position on many of the complex legal and factual issues at stake in this matter. These international courts and arbitration panels, made up of experts in international law, receive the benefit of full briefings, the parties' participation in a hearing, and expert opinions. Before making a decision on espousing the claims of American investors, I believe the U.S. Government should allow these proceedings to fully run their course.

The administration will continue to seek better protection for U.S. investors, including in Russia. The administration has begun exploratory discussions with Russia on a Bilateral Investment Treaty and, if confirmed, pursuing this and other initiatives to afford the highest level of legal protections for U.S. investors in Russia will be one of my top priorities.

RESPONSES OF MICHAEL MCFaul TO QUESTIONS SUBMITTED
BY SENATOR JOHN BARRASSO

Question. Do you believe that Russia's continued militarization of the Abkhazia and South Ossetia regions is inconsistent with its cease-fire commitments?

Answer. Yes. Such actions are inconsistent with Russia's 2008 cease-fire commitments and undermine regional security and stability. The United States, both in bilateral meetings and in multilateral fora, objects to and expresses concern about the continued Russian militarization and lack of transparency in the separatist regions, including the construction of Russian military bases in South Ossetia and Abkhazia. At every opportunity, the administration restates its commitment to Georgia's territorial integrity and sovereignty, and calls on Russia to adhere to its 2008 cease-fire commitments.

Question. Have there been any sanctions or other actions taken against Russia by the United States due to Russia's continued occupation of parts of Georgia?

Answer. Since the Obama administration took office, it has continued to call on Russia to fulfill its obligations under the 2008 cease-fire agreement, including withdrawal of its forces to preconflict positions, and has publicly expressed its support for Georgia's territorial integrity and political sovereignty. The administration also continues to voice concern directly to Russia at every opportunity and at the highest levels regarding its actions in Georgia, including during President Obama's visit to Moscow and Secretary Clinton's regular meetings with Russian Foreign Minister Lavrov. Since the 2008 war, the United States has not levied sanctions in response to Russia's occupation of Georgian territory.

Question. What specific efforts has the United States taken to support Georgia's sovereignty and territorial integrity?

Answer. Immediately following the 2008 conflict with Russia, the United States pledged \$1 billion to aid Georgia's recovery and ensure its security. The majority of the post-conflict pledge targeted immediate stabilization and reconstruction needs such as supporting reintegration of internally displaced persons, and restoring peace and security through support for law enforcement and enhanced border security. Ongoing U.S. assistance is aimed at helping Georgia solidify and advance its eco-

conomic and democratic reforms of the past 6 years, with the ultimate goal of anchoring Georgia in the Euro-Atlantic community.

In addition to our direct assistance to Georgia, the administration continues to call on Russia to fulfill its obligations under the 2008 cease-fire agreement, including withdrawal of its forces to preconflict positions. The United States is an active participant in the Geneva discussions, working with the co-chairs and others in pursuit of a resolution to the conflict. The administration continues to voice concern directly to Russia at every opportunity and at the highest levels regarding its actions in Georgia, including during President Obama's visit to Moscow and during Secretary Clinton's meetings with Russian Foreign Minister Lavrov. The administration will continue to speak out in support of Georgia's territorial integrity, as it did most recently in its statement regarding the August 26 "elections" in the separatist region of Abkhazia. The administration will continue to urge other countries to maintain their current nonrecognition of the separatist regions.

Question. How can Russia be held accountable for its violations of Georgia's sovereignty and territorial integrity?

Answer. President Obama, Vice President Biden, and Secretary Clinton have been clear with the Russian Government on the need to meet its obligations under the 2008 cease-fire agreement and our serious and ongoing concern over the Russian military presence in the separatist regions of South Ossetia and Abkhazia. The administration has also been clear, both publicly and privately, that it supports Georgia's territorial integrity and sovereignty. There are no military solutions to this impasse, only diplomacy, and the administration has participated in multiple rounds of talks moderated by the EU, the U.N., and the OSCE in Geneva to encourage dialogue between the parties. If confirmed, I will make progress on this issue one of my highest priorities.

Question. Reports indicate that despite the United States expressed request that Russia halt their sale of arms to Syria, Russia is committed to selling weapons to Syria.

- What is the status of Russia's arms sale to Syria?
- What type of weapons has Russia sold to Syria this year?
- What efforts are being taken by the United States to prevent the sale of arms to Syria by Russia?

Answer. The United States is always concerned about reports of weapons transfers to countries of concern, including Syria. Secretary Clinton publicly urged Russia to cease arms sales to Syria on August 12, 2011. The administration is pressing Russia to cease pending and future arms transfers that threaten regional stability, contribute to the Syrian regime's violent crackdown, or could be diverted to Hezbollah. The administration can provide additional details on this issue in a classified format.

Question. How would you characterize Russia's record on adherence to international treaty obligations?

Answer. While there are areas of concern, Russia takes its legal obligations with regard to international treaties seriously. The United States concerns regarding Russia's arms control, nonproliferation, and disarmament commitments remain the subject of ongoing bilateral discussions. These concerns are detailed in the 2010 and 2011 reports to Congress on "Adherence to and Compliance with Arms Control, Nonproliferation, and Disarmament Agreements and Commitments" as well as other submitted compliance reports on arms control agreements.

Over the past 2½ years, the administration has made progress in laying a solid foundation in our engagement with Russia on these issues, identifying and expanding areas of common ground, and dealing with our differences. Our objective is a strong strategic relationship with Russia that is based on transparency, openness, and predictability. The administration expects our constructive relationship to continue and to work together with Russia on a range of international security challenges.

Question. What have been the most recent examples of Russia's violations to international treaty obligations?

Answer. Administration concerns regarding Russia's arms control, nonproliferation, and disarmament commitments, are the subject of ongoing compliance discussions between the United States and Russia. Examples of unresolved compliance issues include specific issues relating to Russia's adherence to the Treaty on Conventional Armed Forces in Europe, the Biological and Toxin Weapons Convention, and the Chemical Weapons Convention, which are detailed in the 2010 and 2011 reports to Congress on "Adherence to and Compliance with Arms Control, Non-

proliferation, and Disarmament Agreements and Commitments” as well as other submitted compliance reports on arms control agreements.

Despite these concerns, the administration has made real progress in laying a solid foundation in our engagement with Russia on these issues, identifying and expanding areas of common ground, and dealing with our differences. The objective remains a strategic relationship with Russia that is based on transparency, openness, and predictability. The administration’s renewed focus on improving our relations with Russia, including the negotiation and entry-into-force of the New START treaty, has led to a greater understanding and increased cooperation between the United States and Russia in a number of areas, including a joint effort to diplomatically engage Iran and North Korea on compliance issues. The administration expects our constructive relationship to continue and to work together on a range of international security challenges.

Question. In the Department of State’s “Country Report on Human Rights Practices” for 2010, the report indicates that violations of rule of law and due process remain a problem in Russia.

- What is your assessment of Russia’s commitment to the rule of law today?

Answer. As the 2010 “Country Report on Human Rights Practices” in Russia points out, violations of rule of law and due process are serious problems in Russia. There are reported cases of arbitrary detention and politically motivated imprisonments; lengthy pretrial detentions and trial delays; endemic corruption throughout the executive, legislative, and judicial branches; and governmental restrictions on nongovernmental organizations.

The administration recognizes that rule of law is critical to Russia’s economic and political modernization. Promoting democracy and rule of law are an integral part of our bilateral dialogue with Russia. President Obama has regularly engaged with President Medvedev on democracy, human rights, and rule of law issues. The same is true for Secretary Clinton when she meets with Foreign Minister Lavrov and other senior Russian Government officials. Moreover, U.S. Government officials have spoken out publicly and consistently about the erosion of democratic institutions, human rights abuses, and rule of law issues in Russia, including the arrests of Strategy 31 demonstrators, lack of justice and accountability in the Sergei Magnitsky case, and the apparent selective application of the law and serious due process violations in the Khodorkovsky and Lebedev trials.

The majority of U.S. bilateral assistance to Russia is dedicated to advancing American values by promoting democracy, good governance, human rights and the rule of law. The Obama administration—working with Congress—has continued to secure funds to support civil society, rule of law, human rights, independent media, and good governance in Russia. The administration has prioritized support for small, direct grants to Russian civil society organizations. Working with Congress, the administration will continue to seek new ways to generate greater support for civil society organizations in Russia that promote rule of law.

In May 2011 Presidents Obama and Medvedev announced the establishment of a Rule of Law Working Group under the Bilateral Presidential Commission. The Working Group will be chaired by U.S. Attorney General Eric Holder and Russian Minister of Justice Kononov. Through the Civil Society Working Group, our two countries are also working together to address the problem of corruption.

- Since the WTO is a rules-based global trading system, how confident are you that Russia will abide by the rules, should it become a member of the WTO, given its continued lack of respect for the rule of law?

Answer. Should Russia become a WTO member, all members applying the WTO agreement to Russia would have recourse to WTO mechanisms to raise issues regarding Russia’s implementation of its obligations. These would include raising issues within WTO committees and, if appropriate, recourse to the WTO’s dispute settlement procedures. Should Russia become a WTO member, the administration will use all available mechanisms under the WTO agreement to ensure that Russia fully implements its obligations.

Question. For years, the United States poultry, pork, and beef exports to Russia have faced significant obstacles due to Russia’s use of sanitary and phytosanitary measures as nontariff trade barriers. A tremendous amount of uncertainty remains concerning Russia’s adoption of internationally accepted protocols.

- How do you plan to engage Russian veterinary authorities on sanitary and phytosanitary issues?

Answer. The administration has repeatedly expressed concern with Russia’s use of non-science-based requirements as nontariff barriers to U.S. agricultural exports,

but has lacked effective tools to address these barriers. One of the many reasons the administration has supported Russia's WTO accession is that when Russia becomes a WTO member, it will be required to comply with the WTO Agreement on Application of Sanitary and Phytosanitary Measures as well as other SPS-related commitments. Moreover, in the context of its membership in the Customs Union with Kazakhstan and Belarus, Russia has adopted a new legal framework to comply with its international obligations on SPS measures. WTO members that apply the WTO agreement to Russia will be able to raise concerns about Russia's implementation of its SPS obligations and specific measures that are applied to imports. This includes recourse to WTO dispute settlement procedures where appropriate.

- What assurance do we have that Russia will comply with WTO obligations should it become a member of the WTO?

Answer. When Russia is a WTO member, all other members already applying the WTO agreement to Russia will have recourse through WTO mechanisms to raise issues regarding Russia's implementation of its obligations. These include raising issues within WTO committees and, if appropriate, recourse through the WTO's dispute settlement procedures. The administration will actively engage Russia using all available mechanisms under the WTO agreement, to ensure that Russia fully implements its obligations.

- What recourse does the United States have when Russia doesn't abide by the rules? How effective are those options in requiring Russia to abide by its commitments?

Answer. The United States addresses trade disputes with Russia through bilateral diplomatic and technical discussions. Should Russia become a Member of the WTO, and the executive branch with congressional support decides to apply the WTO Agreement to Russia (which is only possible if the United States terminates the application of the Jackson-Vanik amendment to Russia), the United States will have many more tools to support American producers and help ensure Russia's compliance with its WTO obligations. Russia will be subject to WTO sanitary-phytosanitary rules and, most importantly, the United States will have recourse to the WTO's dispute-settlement procedures if Russia fails to comply with those rules and other obligations. The United States has been one of the world's most frequent users of WTO dispute-settlement procedures and has obtained favorable settlements and favorable rulings in virtually all sectors, including manufacturing, intellectual property, agriculture, and services. These cases cover a number of WTO agreements involving rules on trade in goods, trade in services, and protection of intellectual property rights, which affect a wide range of sectors of the U.S. economy. Should Russia join the WTO, Russia will be part of a rules-based system that includes an enforcement mechanism—a mechanism not currently available to the United States on matters involving Russia. Russia's WTO accession will also give our companies, farmers, ranchers, and exporters increased and more predictable market access to a large and growing market that we can defend under mutually agreed rules.

