RECENT HISTORY

The Putin era of Russian politics is predicated on reestablishing Russia’s prestige as a global power and constructing a “sphere of influence” in the former Soviet republics. Vladimir Putin rose to power after President Boris Yeltsin’s surprise resignation in 1999. Putin, who served as prime minister under Yeltsin, first assumed the role of acting president and was subsequently elected to office in March 2000. Putin’s leadership has largely reversed the uneven progress in democratization Russia made during the 1990s, rebuilding the strength of the central government and establishing government ownership or control over major media and industries, including the energy sector. After serving two terms as president, Putin announced that his protégé Dmitriy Medvedev was his choice for president. Medvedev won the 2008 presidential election and appointed Putin prime minister: this arrangement presumably was meant to ensure political continuity for Putin and those around him. After a gap of four years, Russia elected Putin for a third presidential term, which was expanded from 4 to 6 years under Medvedev. Although Putin’s approval rating has been steadily decreasing since 2008, he continues to enjoy relatively high levels of support from the Russian public with an approval rating just north of 60 percent in 2013.

While Russia faces a number of significant domestic challenges, insurgency and terrorism in the North Caucasus—a border area between the Black and Caspian Seas that includes the formerly breakaway Chechnya and other ethnic-based regions—have been particularly problematic for Moscow. Both Putin and Medvedev have maintained a strong security force in the region as an integral part of the Kremlin’s pacification policy. The international community is critical of Russia’s strong-handed approach, pointing to flagrant abuses of human rights committed by policy and paramilitary forces in Chechnya. In spite of Moscow’s attempts to cow the region into submission, violence and instability persist. Terrorist attacks in the North Caucasus increased substantially from 2007 to 2010 and the rise of Islamic fundamentalism in the North Caucasus has compounded the problem. Russian authorities claim the Caucasus Emirate (CE), a Salafist terrorist network, has ties to Al-Qaeda. The CE threat to Russia appears to be expanding as operations in the South Caucasus and confrontations with security forces along the Georgian border have been linked to the organization.

Internationally, Putin’s ambition to reestablish Russia as a global power is causing tensions with its Western European neighbors and the United States; officials and observers from the West have growing concerns about what they view as an increasingly contrarian Russian foreign policy. Additionally, Moscow’s suspicions and skepticism regarding the intentions of the North Atlantic Treaty Organization (NATO) and the expanding European Union (EU) are impacting cooperation. NATO-Russia relations reached a new low in the wake of Russia’s 2008 invasion of Georgia. Attempts to improve the relationship have resulted in largely superficial progress. Disagreement both within the alliance and between NATO and Russia persists on some core issues: NATO is wary
of Russia's more aggressive foreign policy intended to reestablish its sphere of influence along its border with Europe while Russia is threatened by NATO's pursuit of a ballistic missile defense (BMD) capability.

PERTINENT ISSUES

Military Affairs

In spite of the sizable reduction of the armed forces since the collapse of the Soviet Union, the Russian military remains formidable in some respects and is by far the largest in the region. Defense spending increased substantially under President Putin and continued under Medvedev, even increasing slightly after the global financial crisis of 2008 impacted Russia's economy. However, the military's reliability as an instrument of Russian foreign and security policy objectives came into question after the poorly executed invasion of Georgia in August 2008. Consequently, the deterrent effects of Russia's strategic nuclear forces remain essential to national security.

President Putin announced in early 2013 his intent to drastically upgrade the armed forces over the next few years as part of a Russian response to strategic fears concerning the United States' missile defense program and NATO expansion to former Soviet republics. The Kremlin plans to increase spending on weapons procurement through 2020 in order to build up Russia's conventional capabilities. Russia's defense industry is nowhere near capable of meeting this spiking demand efficiently or affordably. Thus, the Kremlin increasingly looks to the international market to provide modern military platforms and weapons. At present, Russia is primarily seeking to expand upon past contracts with France, Israel, and Italy, from which it purchased amphibious assault vessels, drones, and armored vehicles, respectively.

The Russian Economy

The Russian economy has undergone significant changes since the collapse of the Soviet Union, moving from a globally-isolated, centrally-planned economy to a more market-based and globally-integrated economy. During President Putin's first two terms, the Russian economy experienced significant growth and in 2007, Russia's GDP exceeded that of 1990, indicating the country has overcome the economic turmoil of the 1990s. However, the global financial crisis hit Russia hard in 2008 and 2009, exposing weaknesses in the economy including its significant dependence on the production and export of oil and other natural resources and its weak financial system. Russia shows signs of economic recovery but persistent flaws remain: Russia has difficulty attracting capital and suffers from a shrinking work force, intractable corruption, and underinvestment in infrastructure.

It is important to note that Russia's oil and natural gas industries are important players in the global energy market, particularly in Europe and Eurasia. Russia has the largest natural gas reserves in the world, possessing over 30% of the world's total, and is eighth in the world in oil reserves, possessing at least 10% of the world's total. Notably, in 2011, Russia became the leading oil producer, surpassing Saudi Arabia. In spite of its significant resource advantage, Russia's
dependence on the production of oil and natural gas make its economy particularly vulnerable to the global prices of these commodities. Declining oil and gas exports in 2013, going into 2014, are compromising Russia's already fragile recovery in the wake of the global financial crisis.

**NGO Operations in Russia**

Under Putin and Medvedev, Russian policy regulating the operation of non-governmental organizations (NGOs) has become more restrictive. In 2012, Russia enacted the Federal Law *Introducing Amendments to Certain Legislative Acts of the Russian Federation Regarding the Regulation of Activities of Non-Commercial Organizations Performing the Function of Foreign Agents*. In effect, the law requires all non-governmental organizations that receive foreign funding and engage in any political activity to register with Russian authorities as "foreign agents." Additionally, the law increases the frequency with which NGOs are inspected and audited. While the policy rationale behind the legislation is to limit foreign interference in internal affairs, many NGOs operating in Russia and outside observers criticize Russia's restrictive law as unconstitutional attempt to regulate civil society.

**DIPLOMATIC RELATIONS**

**Russia and the United States**

In the wake of Russia's August 2008 invasion of Georgia, U.S.-Russian bilateral ties reached their lowest point since the Cold War. Despite the Obama Administration's 2009 "re-set" policy, U.S.-Russian relations remain tense and are significantly deteriorating. The United States and Russia continue to clash over Russia's ambitions to reinstate a sphere of influence in the former Soviet Republics and its security forces stationed in Abkhazia and South Ossetia. Additionally, in the wake of the Assad regime's fall in Syria, President Obama condemned Russia's blatant opposition to an international solution for Syria's bloody civil war and its sale of arms to Assad. Moscow is increasingly wary of the United States' ABM capabilities and strongly opposes joint United States-NATO deployment of ABM systems in Eastern Europe. President Putin is particularly exasperated by the United States' 2013 sale of arms to Georgia. More and more, cooperation between the United States and Russia is limited to strategic arms reduction.

Beyond issues of traditional security, President Putin encourages a domestic climate of anti-Americanism. In 2012, Moscow utilized new policies regulating the operation of NGOs to kick the U.S. Agency for International Development (USAID) out of the country. Going into 2014, authorities have disproportionately targeted NGOs that have ties to the United States, halting their operations to conduct investigations and forcing some to altogether end their operations in Russia.

**Russia and Turkey**

Russia and Turkey have strong economic ties, centered on Russia's export of natural gas to Turkey, and share strategic interests in the transcaucasian region. However, bilateral relations are strained
by Turkey's continuing bid for EU membership and its involvement in NATO. The two countries clashed over the Syrian civil war as Turkey was at the forefront of a campaign to overthrow the Assad regime while Russia supported it through arms sales and blocked sanctions against Syria in the UN Security Council. Moscow was particularly irked by NATO's 2013 deployment of Patriot anti-missile batteries in southern Turkey. Although NATO claims the deployment is defensive only, intended to prevent Syrian crossfire from impacting Turkey, Russia's Foreign Minister Sergey Lavrov suggested the positioning of the Patriot systems make them “quite useful to protect American radar which is part of the American missile defense system they are building.” Since the fall of Assad, Russia-Turkey relations have begun to normalize but remain tense.

**Russia and Georgia**

Russia's military support and subsequent recognition of Abkhazia and South Ossetia's independence in 2008 continue to sour relations with Georgia. After Russia's intervention, Georgia ceased diplomatic relations with Russia and left the Commonwealth of Independent States (CIS). The two countries hoped to normalize relations in 2012 under Georgia's new prime minister, billionaire Bidzina Ivanishvili. Limited progress was made between the two states in 2013 in areas of trade, transport, and culture. However, Russia vehemently opposes Georgia's pro-Western orientation and finds Prime Minister Ivanishvili and President Alasania's ambitions to secure EU and NATO membership unacceptable. Georgian leadership has yet to find a way to reconcile its divergent interests to normalize relations with Russia while pursuing closer ties with the West. Moscow has no incentive to soften its positions on Georgia and has no intention of withdrawing its security forces from Abkhazia or South Ossetia.

**Russia and Syria**

Russia continues to uphold its position of non-interference and opposition to regime change after fall of Assad in 2013. Before the uprising began in March 2011, Syria reached out to Russia and purchased submarines, fighter jets and other aircraft, missile systems, and air defense systems. Russia continued arms sales to Syrian President Bashar al-Assad's regime for the duration of the conflict, which has angered much of the world. While Russia neither supports nor recognizes Syrian Islamic Front (SIF) leadership, overall, the Kremlin favors a moderate approach to relations with new government in Syria. This approach is largely motivated by Moscow's desire to guarantee continued access to its naval base in Tartus--Russia's only naval base outside the former Soviet Union.

**Russia and Germany**

The Russia-Germany relationship is largely a pragmatic one based on mutual economic interests. Germany is Russia's second most important trading partner after China: in 2011, German exports to Russia rose 34 percent and imports increased by 27 percent. While Germany is dependent on Russian natural gas, Russia, on the other hand, receives much needed foreign direct investment from Germany. Politically, however, the bilateral relationship between Russia and Germany has cooled since Putin was elected to his third term as president in 2012. Merkel and Putin have a
strained relationship based upon mutual suspicion: Merkel is critical of Putin’s authoritarian leadership and Putin views Merkel as being overly pro-American. Additionally, Moscow has little respect for the role played by the European Union and sees the organization as a barrier to rapprochement with Germany.