

CARNEGIE ENDOWMENT FOR INTERNATIONAL PEACE

**RUSSIA-U.S. RELATIONS:
PERSPECTIVES AND PROSPECTS
FOR THE NEW AGENDA**

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JESSICA MATHEWS: Good afternoon. It's a great pleasure to welcome you to the Carnegie Endowment. I'm Jessica Mathews, president of the Endowment, and I have the privilege of introducing the foreign minister of the Russian Federation, Sergey Lavrov, to you this afternoon.

Minister Lavrov last spoke to a Carnegie audience at our Moscow center to mark the 200th anniversary of U.S.-Russian diplomatic relations a couple of years ago, June of '07. On that occasion, he spoke of the challenges and the opportunities that our two countries face as we open a third century of diplomatic ties. Since then, a great deal has happened to change the outlook from that moment. And this afternoon, we are privileged once again to welcome him at a moment when our relations seem poised at a moment both of tremendous challenge and great potential.

Minister Lavrov is in Washington following up and carrying further the very significant steps that accompanied his earlier meeting with Secretary Clinton and the first meeting between President Obama and President Medvedev in London a little over a month ago. As a result of these meetings, there is a sense of cautious optimism, maybe even of full-fledged optimism about U.S.-Russia relations, and an atmosphere of hope that we have not seen in several years.

The challenge now is to turn this positive atmosphere into tangible achievement. We are encouraged that our former colleague Rose Gottemoeller and her Russian counterpart are already engaged in negotiating a follow-on treaty to the START agreement, but at the same time, no one can doubt that we have a long way to go to overcome the mistrust and suspicion that have burdened U.S.-Russian relations in recent years. Both countries will have to expend major effort and demonstrated real political courage and leadership if they are to succeed.

Mr. Minister, we are honored to have you here directly following your discussions with President Obama to help us understand how you and your country see the critical issues that lie ahead. We look forward to hearing your thoughts about the concrete next steps and the challenges that must be met as our leaders prepare for the July summit. We thank you again for coming to the Carnegie Endowment on this important occasion, and we are eager to hear from you. Welcome.

(Applause.)

SERGEY LAVROV: Thank you very much, Jessica. Thank you, friends, for coming here. I will not reveal a great secret if I say that the state of Russia-American relations has seriously deteriorated last year, late last year I would say. The negative trends have been building up for quite some time. And of course all the right words were said, including in the strategic framework declaration, which was adopted at the Sochi summit in April of 2008, but all of those right words remain just nice words without translating into real efforts to promote an equal and mutually respectful partnership.

The choice has not been ours. The plans of the previous U.S. administration have carried with them a serious damage to Russia's security, security interests, and if realized would inevitably demand our response.

I'm in the plans to deploy elements of the U.S. strategic missile defense in Eastern Europe, the efforts for the hectic, unjustified NATO expansion, NATO's refusal to ratify the Adapted Conventional Forces in Europe Treaty, and the entirely unrelated and I believe artificial pretext, not to mention the attempts to punish Russia after the August crisis in Southern Caucasus in the form

of withdrawing one, two, three agreement from ratification procedures, freezing bilateral contacts between the military, blocking the work of the NATO-Russia council and of the G-8 mechanisms, and such examples were quite numerous.

So if we're serious about the need to reset our relations, then we must get rid of the toxic assets inherited from last year's, otherwise we would not succeed in the invigoration of the U.S.-Russian dialogue, which, in view of the special responsibility of our two countries, is in the interest of the entire international community. So I value this opportunity to address the Carnegie audience at this time of window of opportunity for the U.S.-Russian relations to get on the right track.

President Dmitry Medvedev, in his recent article in the *Washington Post* pointed that it is not only on the basis of equality and mutual benefit and mutual respect for each other's interest that we can get out of the crisis of confidence between us. From the vicious circle of factions and counteractions, it is exactly the refusal to respect those principles which undermine the confidence and brought us to the drift and indifference about which so much was written in Russia, in the United States, and in Europe as well.

We appreciate the sincere desire of the new U.S. administration to develop a constructive bilateral relationship. It was important to get the signal that the United States has made its strategic choice and intends to stop the drift in our relations. As a matter of fact, our dialogue has already been launched. As you know, the meeting of Presidents Medvedev and Obama in London on April 1 has shown that we have moved from light words to a normal joint work based on mutual respect and readiness to develop mature relations in a pragmatic business-like way.

In London our two leaders endorsed two important joint statements, one on a framework of bilateral relations and on the work to be done to agree on the post START I regime. These documents reflect in an honest way the level of compromises and confidence at which we find ourselves at the moment when many strategic reviews of the U.S. foreign policy, which directly affect our bilateral relations have not been completed yet.

All in all our relations have become more pragmatic and contain less illusions in the ideology, or if you wish, idealist. This is a trademark of both our leaders who, above all, want specific results rather than a demonstration of mutual sympathy for public consumption, although I must – I must point out the personal chemistry established in London between our presidents also seem quite okay. The important thing is that this chemistry be accompanied by progress on the substance of the issues and the discussion.

And here we must bear in mind the important role not only of the bureaucracies in both our countries but also the public opinion which is formed to a great extent by the news media and influential political scientists. In general, we speak about how the national elites in Russia and in the States view each other. That is why I believe I am here today on your invitation in the club of professionals not entirely foreign to the shaping of the foreign policy of the United States.

No one is talking in terms of removing in a single stroke the differences and contradictions which are inevitable in the development of relations between any two major states. This would be just the very idealism we want to get rid of. But one must know how to respect the partner, recognize his legitimate interests, and not to take actions which are consciously aimed at

undermining those interests, and of course to be able to act together where it would bring mutual benefits.

If you take Russia and America, there are more than enough spheres for such mutually beneficial joint action. Our two countries, possessing the biggest nuclear arsenals, bear a special responsibility for the process of disarmament, not only nuclear, by the way, but conventional as well. Unfortunately the problems of nuclear disarmament have not been in the center of attention recently. I will not now dwell upon on the reasons.

Another thing is important: The political course proclaimed by the Obama administration provides a good if not a unique opportunity to meet the sustained readiness of Russia to resume a disarmament effort. A one-sided ambition toward absolute security is a dangerous solution, and it is encouraging that now this seems to be recognized by our new partners in Washington.

Late this year, the START I treaty expires. This treaty has not been bad in itself, but all of its terms have been fulfilled and over-fulfilled, and START I is no longer an effective instrument of control in the field of strategic arms. Therefore we see no point in extending it. We need a new document and we are working hard to prepare it. There is a hope that before the end of the year, we will be able to arrive at a mutually acceptable language of a new treaty although time is running short and fast.

We propose that all of the useful provisions be taken from the current START treaty, including verification mechanisms and new lower ceilings be established both on strategic delivery vehicles and on the warheads in them. Judging by initial contacts, our position appears to meet understanding of the U.S. negotiators. In May and June we hope to have several sessions of full-scale consultations of the negotiating teams who will submit a progress report to the two presidents when they meet in Moscow early July where the post-START regime will be resolved. That is one of the main priorities.

You certainly know that our position is based on the inseparable link between strategic offensive forms and strategic defenses. Each and every agreement concluded so far on the strategic arms issues between Moscow and Washington was founded on the recognition of this objective links. Of course after the United States withdrew from the ABM treaty, this link was broken. In their joint statement in London, Presidents Medvedev and Obama instructed their governments to address this connection under the new conditions. So the discussions which are planned for this year must follow this instruction of the two presidents.

As for the problem of missile defense as such, we are in favor of going beyond the narrow framework of unilateral and partial decisions which are hard to understand and which create risks for Russia's security. A truly collective approach is needed. Naturally this should involve the participation of all interested countries, above all the Europeans themselves. Our proposals in this regard are well-known since July 2007 when they were made by Vladimir Putin at the Russia-U.S. summit at Kennebunkport.

Before the London meeting of Presidents Medvedev and Obama, these proposals were developed into more details and transmitted to the American side. If they were to be realized, they would contribute to a positive qualitative change in the strategic context not only of our relations but of the entire Euro-Atlantic politics.

We can achieve quite a lot together in the field of nuclear nonproliferation. All the time we reiterate how important it is to strengthen the nonproliferation treaty, a key element of the contemporary system of international security. It is no secret that the nonproliferation regime based on NPT is going through very difficult times, and we must keep in mind that the fate of the global nonproliferation system depends to a great extent on the position of our two countries who are major nuclear powers.

Undoubtedly one must make sure that the dangerous technologies do not spread throughout the world. It is important in particular to reinforce the system of the IAEA safeguards to make the additional protocol universal, but one should also have convincing answers in case the nonnuclear weapon countries asked the straightforward question, and what are you doing, owners of the greatest nuclear arsenals. So further reductions of strategic offensive arms with an adequate verification mechanism will clearly testify to the fact that the U.S. and Russia fulfilled their obligations under the nonproliferation treaty.

The ratification by the United States of the CTBT will also be an extremely important step. It is well-known that several key countries do not ratify CTBT just because they are hiding behind the American position. Therefore if Washington does ratify the CTBT there really would be something to present to the demanding view of the nonaligned movement at the NPT review conference next spring.

Joint U.S.-Russian efforts, in concert with other members of the Nuclear 5, are capable of ensuring the future efficiency of the NPT, reinforcing the integrity of its three components: nonproliferation, peaceful uses of atomic energy, and disarmament. And of course one should never forget that the proliferation of nuclear weapons doesn't happen in a vacuum but is a logical consequence of the lack of confidence of certain states and their security.

There exist other problems, the solution of which are extremely important for the American partners, but are hardly possible without collective efforts including the participation of Russia. I am talking in particular about the situation of Afghanistan, the issue which is becoming paramount in the American foreign policy. I hope that moving toward the real internationalization of the settlement in Afghanistan with the original factor, at least being fully engaged. This is the main conclusion drawn from the outcome of the international conferences on Afghanistan held recently in Moscow and in The Hague.

It is important that now the United States seems to be aware of the fact that there is no other option but to rely on collective reasoning: first of all on regional knowledge and experience. Both our countries are interested in the earliest normalization of the situation in Afghanistan in establishing a lasting peace there and in the region. Working with Pakistan, as well as with other neighbors becomes really instrumental and we strongly welcome the meetings between President Obama and presidents of Afghanistan and Pakistan which took place yesterday and today in Washington.

The cooperation with respect to the Iranian nuclear program appears also to have promising prospects, though I wouldn't like to sound overly optimistic, but the task in front of us is indeed multifaceted and Tehran's nuclear program is an important but just one element of this task.

Accordingly the problem cannot only have a comprehensive solution with full respect not only for Iran's obligation and the NPT, but also for its legitimate security and economic interests. And we welcome President Obama's message to the leadership and people of the Islamic Republic of Iran clearly stating his intention to normalize relations in all spheres. We have always been in favor of that and we are prepared to assist the American effort in achieving great and mutual understanding with Iran. This is also true with respect to the nuclear issue of the Korean Peninsula where problems have accumulated over the years due to several factors related to the positions of some participants in the Six-Party Talks.

I cannot disregard something which recently became a matter of serious concern for both Russia and the United States as well as the rest of the world, the financial crisis. The stability of the global financial system can only be assured by its reform for the creation of a mutually complementary architecture based on a diversified system of regional reserve currencies and financial centers. The U.S. and Russia can and should be among those who lead common efforts aimed at working out universal rules and procedures which would be obligatory for all countries without exception.

Everyone seems to agree that it is impossible for any country singlehandedly to ensure its financial and economic security at the expense of the financial security of others. Incidentally, this is exactly the principle which had been agreed at the end of the Cold War in relation to political military security in the Euro-Atlantic region. This principle that no country should ensure its security at the expense of the security of others was written into the OSC documents and in the agreement to establish the NATO Russia council.

The bombing of Serbia in 1999, the crisis of conventional forces in the Europe treaty, attack on south Sochi last August, some other examples show that this principle doesn't work. That's why President Medvedev proposed to convene a summit with participation of all Euro-Atlantic states and security organizations to discuss how we all can make the principle of indivisibility of security legally binding and agree on mechanisms to guarantee that this will really be the case.

I would note that the attention to the issues of Euro-Atlantic security has been growing also among think tanks and political scientists. And I just talked with Jessica that the Carnegie people are also thinking of it. So we would welcome the contribution of the civil society, the expert society into promoting this new approach to the security which will be built on bringing together all countries in the Euro-Atlantic space and all institutions existing which deal with security.

Summing up, the resumption of the disarming process, cooperation of Afghanistan, and settling a number of other conflicts, as well as the nonproliferation tasks set the stage for the positive common agenda in international affairs. This agenda requires the collective leadership where the U.S. and Russia can and must play a key role. As President Medvedev wrote in his above-mentioned article, the situation calls for a desire and ability to bring to a common denominator the interests of the entire international community of all major groups of states.

I think the varied developments of the recent time create the conditions for consensus policies based on intellectual convergence among all principal actors, including of course between Moscow and Washington. The Caucasus crisis and the global financial and economic crisis sum up in a certain sense the 20-year period after the downfall of the Berlin Wall and the demise of the

Soviet Union. They define the limits of what is possible for the policy of inertia pursued all of those years, including, among other things, the political and psychological inertia of containing Russia.

We know now where the notorious triumphalism and the belief in the victory of the Western world revolution can lead. We all have become wiser. Look, both us in the Soviet period and you in the United States in the recent 20 or 30 years have conducted experiments with social and economic development according to the models taken in the pure and the extreme form – socialism and liberal capitalism. Having been in terms of their – having been in terms of their ideological purity reduced to absurdity, both of them each in its time proved their insolvency.

It is clear now that what we need is something in between, something well-balance, something not so categorical and not so uncompromising. Besides, on the economic development problem, a paradigm shift is taking place apparently back to socially oriented economy and sustainable development – the ideas which require an increased role of national states and which have been moved to the back burner of both politics because the Cold War has ended, incredible as it may seem.

In brief, the terms of debate on the ways of the future world development have changed. This creates excellent conditions for those who want to demonstrate intellectual and other kinds of leadership in international affairs in order to help the world community to work out the common vision of the contemporary historic era. It would be a pity to miss such an opportunity and thus to fail to draw an absolutely final line under the period of the Cold War, and those misunderstandings which followed in the relations between the U.S. and Russia.

In our bilateral relations, we need more successful investment projects, joint research and development efforts, greater volume of high-tech trade. This would strengthen the material foundation of our partnership and make it much less vulnerable to the temptations to play the old geopolitical zero-sum games, which nowadays have nothing to do with the fundamental national interest of our two great nations. The oncoming 65th anniversary of the victory in World War II reminds us that when we can achieve – reminds us of what we can achieve together – together and otherwise in the name of the common cause truly essential for our people and for the entire world.

Thank you for your attention, and I would be ready for your questions.

(Applause.)

MS. MATHEWS: Let me just say that we welcome the members of the press who are with us. But if you would, I'd like to give preference to the members of the general audience first. The minister has agreed to take questions, so – let me see. There's a gentleman right here. Please do introduce yourself.

Q: David Kramer from the German Marshall Fund.

Mr. Minister, I'd like to ask you about Iran, and specifically, is it your understanding that the Obama administration will still go ahead with development of missile defense system in Poland and the Czech Republic absent a change in Iran's position and absent a removal of the Iranian threat? And also what is the latest on the transfer of S-300s from Russia to Iran? The Iranian deputy foreign minister in April said that that deal was still on track. Thank you.

MIN. LAVROV: May I clarify your question. Is it about Iran or missile defense?

Q: It's about both because they are related.

MIN. LAVROV: They are two different questions – okay, okay.

Q: President Obama has said that missile defense is dependent on development of Iranian threat or the removal of it.

MIN. LAVROV: Well, I can only speak for the Russian Federation, not for the United States. And we have been presenting geometrical ballistic and all sorts of other data to our American colleagues when the idea to have missile defense bases in Poland and Czech Republic first appeared explaining to them that this would have nothing to do with Iranian potential threat but would have very immediate effect on the Russian strategic arsenals in the European part of the Russian Federation.

So for us to take the position that let's resolve Iranian nuclear issue and missile defense in Europe would not take place – I mean, it's a misnomer. We know that these missile defense bases are directly related to the Russian security. As for the Iranian nuclear issue, we continue to address it on its merits in the context of the group called five plus one or three plus three, which recently developed further its own proposals to Iran which were delivered to Iran by Javier Solana's people and which Iran said it would consider. And if accepted, we would be really getting close at starting negotiations with Iran.

We don't have any confirmation of the Iranian nuclear program having military dimension, but we want to be 100 percent sure that this is indeed the case, that this program is entirely peaceful, and that's why we strongly support IAEA continued effort in Iran and we strongly urge Iran together with other countries to cooperate fully with the IAEA and to do extra steps so that the all of the issues which IAEA want to clarify are clarified as soon as possible.

As for the potential missile risks from the southern direction, as it were, President Putin in 2007, meeting with President Bush Kennebunkport, as I referred to in my introductory remarks, suggested a collective project which would begin with collective analysis of threats, collective meaning Russia, U.S., and the Europeans working together, and which could be using the existing rate of facilities in Russia and in Azerbaijan, as it were, to monitor the situation in this region. Then whenever there is some dangerous developments, it will always be possible to take collective measures not to allow these developments to materialize.

Just a couple of weeks ago, we developed this proposal further in greater detail with some technical things added and transmitted this to our American colleagues for consideration, and I hope they would consider it in a constructive way. At least we discussed this today with Secretary Clinton, and she confirmed that the strategic review continues of the missile defense project, and that in the context of this review, the proposal submitted by Russia would be taken into account. So as soon as this review is over, we would be ready to resume our dialogue with the United States on this one.

As for S-300, yes, we touched upon this again in our discussions today. Whatever we sell to Iran or to any other country is not covered by any prohibitions, internationally or nationally, in the

Russian Federation, and we have one of the strictest export control legislation. And whatever we sell to Iran in particularly is only of defensive nature.

In spite of this – in spite of this, we always listen to concerns expressed to us regarding one or another aspect of power – military and technical cooperation – with one or another country. But as I said, and I want to emphasize it, whatever we do in the area of military technical cooperation with Iran is absolutely legal and, which is also very important, the weapons we sell to Iran have never been used against any one country.

Speaking of arms sales, the weapons which had been sold to Georgia, have been used to kill Russians, to kill civilians, including Russian peacekeepers who were serving under the international agreement signed by Georgia, and those weapons were sold to Georgia, ignoring the continued warnings which we have been making for the last two or three years, that to arm this particular regime would be really very dangerous.

MS. MATHEWS: Yes?

Q: Thank you very much. Mr. Minister, Paul Saunders from the Nixon Center. Prime Minister Putin, at Davos, and President Medvedev on Sakhalin Island both talked about the need for greater dialogue on energy issues.

And I wonder if you could perhaps expand a little bit on that but also give your evaluation of the prospects of some kind of an agreement, you know, setting aside the Energy Charter, which is – you know, the United States is not willing to sign and it's probably not so likely to work.

What do you think the prospects are for some kind of an agreement on rights and responsibilities of suppliers, consumers, transit countries, and maybe some kind of a dispute resolution mechanism? Thank you.

MIN. LAVROV: Indeed, we – and not only Prime Minister Putin in Davos and President Medvedev at Sakhalin have been raising these issues. We have been raising it at the top level for quite a number of years, already starting probably from the – what is called first gas crisis in early 2006.

And we have been explaining why the Energy Charter is not going to work and why we are not going to be bound by it, which we formally said recently, if only because when the Energy Charter was signed by Russia there was a deal that there would be additional protocols to that charter, which would be negotiated, including the transit protocol, in the context of which we expect it to resolve the issues which you are addressing now.

This never happened, and also a couple of other deals attached to Russian signature to the Energy Charter were not delivered, in particular by the European Union, and I have in mind the commitment of the European Union to resolve the issue of barriers on the way of the trade in the Russian nuclear energy services. This is still pending.

So eventually our position – yes, and when this crisis in early 2006 happened, EU suggested to have an early warning mechanism between Russia and the European Union. We said we would

be ready and suggested that this mechanism should also include the transit countries. The EU was not enthusiastic about this, for whatever reason I don't know.

So the events of January this year made us absolutely convinced that we need something which would be working, unlike the Energy Charter and the treaty to the Energy Charter. That's why, speaking in Helsinki last month, President Medvedev announced our new initiative, which has since been circulated to all G-20 members, including of course all G-8 members, the EU members, the CIS members, all the countries who are directly involved in this particular energy situation in all this Euro-Atlantic/Eurasian space, I would say.

This is going to be discussed with our partners. The immediate occasion would be May 22nd when the Russia/EU summit takes place in the city of Khabarovsk. And we discussed it also briefly with the European Union "Troika" at the foreign ministers' level last week in Luxembourg.

So I don't know how all of our partners would react. They recognize the importance of finding a way out of situations which we experienced once again last January, but we don't see anything else by way of new initiatives. We only keep hearing every year that we, Russia, must ratify the treaty to the Energy Charter, and it's really not a very intelligent way to proceed because we have repeatedly explained why we would not do this, and why this particular regime embedded in the treaty to the Energy Charter is flawed.

So the offer on the table is to address, in a comprehensive way, the energy security issues of the producers, consumers and the transit countries, and not only as regards oil and gas but basically all other sources of energy, including nuclear energy.

We believe that, given the failed experience of the past, including the experience of the commitments undertaken by our partners in relation to the signature of the Energy Charter Treaty, we must not take chances and we must address the energy security in all its aspects, as actually was agreed by the G-8 leaders when they assembled in St. Petersburg for the summit in 2006 and adopted the declaration, laying down exactly those principles which we want now to codify.

MS. MATHEWS: Ariel?

Q: Ariel Cohen, the Heritage Foundation. Mr. Minister, you mentioned the revision of the post-Bretton Woods economic arrangements. What exactly is the Russian view or the Russian plan for such a revision – why the current system is not satisfactory. And when you're mentioning the regional reserve currency, are you envisaging a ruble as such a reserve currency or are you envisaging something jointly with China, for example, the ruble-yuan joint currency?

Because if it's without China, the size of the economy, even if it's the regional economy, including countries of the commonwealths of independent states, the size of that economy or the size of that monetary mass is going to be comparable with the Canadian dollar or Swiss franc. Thank you.

MIN. LAVROV: In the order you presented your – not a question; exposé, I would say. What we mean under the reform of the international monetary system, the answer is very simple. You take the final document of the London summit and translate it into further details and

implement it. Why the current system is not satisfactory? Well, I think the answer is obvious: because we don't want to experience this type of crisis next time.

Whether ruble is meant by us when we speak about the regional reserve currencies, the answer is yes, and I leave it to you to make comparisons between the Canadian dollars and the yuan. And there are various ways of promoting normative – (unintelligible). For example, a small country like Belarus and a big country like China agree to swap their currencies at a certain amount to serve as bilateral trade. This in itself is a stabilization.

The Turks proposed to us to do the same between their currency and the ruble. And of course, in the context of creating the customs union between Russia, Belarus and Kazakhstan in the context of relationship between Russia and Belarus, we not only speak more and more about using our currencies and using ruble as the reserve currencies, but we promote practical steps in this direction.

So I think without stronger regional pillars of international monetary system, which would still be, you know, headed by the IMF and the World Bank, it would be not very easy to avoid a similar crisis in the future, and the experience of euro, for example, the growing role of yuan, yena (ph), and the, you know, projects being discussed in the context of ASEAN countries in Southeast Asia, of developing a common exchange currency, the projects of similar nature, in very practical terms, considered in Latin America and in the Persian Gulf, by the way.

So it's the trend, which must be embraced and used not to juxtapose the IMF vis-à-vis everyone else, but to harmonize the role of the IMF and the inevitable process of multi-polarity in the financial and economic area.

MS. MATHEWS: There is a question in the back there. Yes, go ahead. Turn the other way.

Q: Gluboko uvazhaemyi, Minister Lavrov. John Daly, the Central Asia-Caucasus Institute. You said that in issues of commonality, that Afghanistan is becoming paramount, and obviously it is the shifting emphasis of the Obama administration to put more troops there, that a northern resupply corridor through Russia and adjoining nations takes on increased importance. Could you please elaborate on what levels of increased cooperation the Russian Federation is considering?

Would it eventually, for example, go to the level of types of supplies currently being transited through Pakistan to include armaments, or will it be only restricted to non-lethal materials? Bolshoe spasibo.

MIN. LAVROV: Bolshoe pozhalusta. (Laughter.) The transit through Russia for the International – ISAF, International – anyway – all the – (unintelligible) – they kill the – the transit through Russia has started long ago. It's only one year ago that we signed an agreement with NATO as an organization for non-lethal transit, but for many years lethal transit had been operating through Russia on the basis of our bilateral agreements with France, Germany, and recently the similar agreement with Spain was signed.

They can move equipment, troops. When they move troops with side arms only, they don't even need to land in Russia. When they move lethal equipment they need to land for inspection. And this has been working very smoothly.

And by those very agreements it has provided for this transit – German, French or Spanish transit – not to be limited to their national contingents but the contingent of any other country participating in ISAF under the Security Council mandate.

So, strictly speaking, any country participating in ISAF could use these transit facilities under the German-Russian-French agreements, but we are ready to do more by way of expanding the transit possibilities, and we discussed this with our American colleagues and we can consider quite a number of other options.

What would be important is not only to get agreement of Russia and other countries, whom you must cross before you reach Afghanistan, but also to make sure that as far as railroad transit is concerned, for example, that the capacity of the infrastructure is really ready to swallow more as the needs of ISAF and the coalition grow.

So it's a complex issue and the comprehensive approach is necessary, including the consent, of course, of the immediate neighbors of Afghanistan because otherwise you can transit Russia and get stuck. But it also involves some infrastructural improvements on the ground.

MS. MATHEWS: Marvin?

Q: Marvin Kalb. I'm with the Shorenstein Center at the Kennedy School. I'd like to ask you another question about Afghanistan, and perhaps in the spirit of the intellectual convergence that you spoke about earlier.

I wonder, if you could look back on the Russian experience in Afghanistan in the –

MIN. LAVROV: No, I don't want to.

(Laughter.)

Q: But you could be helpful in this respect, sir. If you look back, are there lessons that Russia learned from that experience that could now be helpfully passed on to the new American administration?

MIN. LAVROV: Well, as a matter of fact, this issue has been discussed informally between us and the Americans and other countries for many years, and in a nutshell, you cannot resolve the problems of Afghanistan by force alone, in spite of the fact that against terrorists force must be used, and that's why after 9/11 the Security Council strongly endorsed the retaliation.

The second conclusion is that you cannot resolve the problems related to the political system of Afghanistan by some smart schemes from outside. You cannot rely – you cannot really build a scheme which would be based on one ethnic group alone, even if this ethnic group is the largest one.

You cannot ignore other ethnic groups, so apart of Pushtuns you have Tajiks, Uzbeks, Hazarians, and each of these regional groups has very closed ethnic and historical cultural links with one or another neighbor of Afghanistan, so you also have to take into account this neighborhood factor. And I already showed in my introductory remarks that we welcome very much that the

regional factor is very much highlighted in the new American approach. And you have to involve neighbors.

An interesting example – not exactly related to Afghanistan but how neighbors could play a helpful role. In the early '90s, last century, there was a very bloody war in Tajikistan – civil war in Tajikistan. It was through direct Russian and Iranian mediation working with different factions that eventually this deal was signed under the U.N. auspices.

So it is important that apart from this new strategy in Afghanistan, President Obama sent a very strong message that he wants to have a direct dialogue on Iran in a comprehensive way. That's the only way to proceed in this region. The Bush administration engaged Iran a couple of times, but under the condition that they want to discuss only Iraq and they only want to discuss this by way of asking the Iranians not to meddle, you know, with one part of Iraqi groups.

And the Iranians participated in these discussions, but this is a piecemeal approach. If you take the region of the Middle East and broaden – well, the Bush administration spoke of the “Greater Middle East,” but this project never materialized in some strategic thinking, which would embrace a comprehensive approach.

And as far as Iran is concerned, yes, Iran has influence in the region. Iran has influence, and Iran has always had influence in Afghanistan, now has influence in Gaza. In Lebanon it has good standing.

In Gaza, the Iranian influence increased because the West refused to accept the outcome of democratic elections three years ago when Hamas won. And we tried very much, U.N. tried to find some way to accept this outcome because it was a free and fair election, but the U.S. and the European Union at that time said that this was democratic but they would not recognize the government. That is why we found the Palestinians now in a split mode.

So my answer would be don't rely on force alone; more emphasis on the economic and social development – and this is also part of the Obama strategy – involve neighbors to provide the setting for all ethnic groups in Afghanistan to feel engaged in the building of their own country; respect the traditions, and the traditions are that Afghanistan never was a highly centralized state. And that's, I believe, how consensus is emerging now, and hopefully this would be implemented.

MS. MATHEWS: The gentleman back there.

Q: Mr. Lavrov, I'm Zar Hassan (ph). I'm an expert from Azerbaijan. You know today in Prague, Minsk Group co-chairs, they announced that presidents of Azerbaijan and Armenia, they agreed on basic principles of Nagorno-Karabakh final settlement. So, from your perspective, is it a breakthrough, which they promised to achieve – I mean, the co-chairs promised to achieve – and do you expect that it's going to bring peace and stability to the region? Thanks a lot.

MIN. LAVROV: If the two presidents agreed, of course it's going to bring peace and stability to the region. And the co-chairs have been working very hard. This is the conflict on which there are no geopolitical gains – U.S., Russia, Europe, in the person of France, three co-chairs, and they all work in unison. And actually the basic principles of the settlement have been

transmitted to the Armenian Azerbaijan in the fall of 2007 when they met in Madrid, and those basic principles remained on the table.

They have been accepted by both countries with certain caveats related to three or four issues, which are still to be finally agreed, and the purpose of the current stage in negotiating process is to close the positions on these issues.

I have not, obviously, seen the report as to what specifically was achieved by way of progress, but I hope that this momentum, which has been reached after the meeting of last November in Moscow, now in Prague, and both Armenian and Azerbaijan president accepted the invitation to come to the St. Petersburg Economic Forum, in the margins of which they would have an opportunity to have another meeting of this sort.

I believe this momentum is encouraging and we keep our fingers crossed, of course, but it's a quiet process. It's not possible to discuss details of what the two presidents discussed, but we are generally optimistic about the possibility of progress and achieving an agreement soon.

MS. MATHEWS: Yes?

Q: Caroline McGregor, U.S. Department of Energy. Mr. Minister, you spoke about the special responsibilities the U.S. and Russia have in terms of nuclear issues, but it strikes me that the same could be said in terms of climate change, given that the U.S. and Russia are both giant economies and, ergo, very large emitters.

I know that also that the cabinet has discussed a climate doctrine recently, so I wonder if you could speak a bit about what Russia's priorities are and what you'd like to see out of Copenhagen at the end of this year. Thank you very much.

MIN. LAVROV: The priorities I believe are similar to the priorities of most countries of the world: save the climate, save the planet, do so in a way which would not be unfair to anyone, take into account the contribution which has already been laid by several countries, maybe by virtue of history, geography, but forests is an important element in the entire equation.

And also, you know, the Kyoto regime must be universal. We must take into account the development needs of those countries who are lagging behind in their development compared to the "golden billion." And Russia also wants, you know, to have some faster development.

So these needs must be taken into account but, at the same time, no one must be left aside as far as commitments to reduce the emissions are concerned. It's very easily said, you know, not so easily done, but those are the principles which I believe are very close to the U.S. position as well. It would have to be very specific, difficult negotiations.

Various specific schemes are being discussed, including voluntary self-restrictions by those countries who believe they have not yet enough time for the industrial development, but the compromise is possible and they hope the Copenhagen conference will chart the waters towards the year 2012 in the way which is acceptable to all. And this is an important area of cooperation between Russia and the United States.

And I would highlight also the Arctic region, where Russia and the U.S. are two of the five Arctic littoral states, and also members of the eight-country Arctic Council, which recently held its ministerial meeting in Norway.

It is very, you know, gratifying that in the Arctic Council the issues of climate change, the issues of the need to preserve the nature – which is very fragile over there – to preserve the environment where the indigenous people live, and at the same time to have opportunities for hydrocarbon development, other natural resources development.

Those issues are discussed and they're very constructive, and I think we all – we both, the United States and Russia, are interested in strengthening the cooperative spirit and cooperative practices of the Arctic Council. It's an important element of cooperation on the environmental issues.

MS. MATHEWS: Toby.

Q: Toby Gati, Akin Gump. Well, Sergey, good to see you. The way you look at history is very important for moving forward, and I was struck by the way you describe the period 1989-2009. And maybe you didn't mean to do this, but you seemed to make a parallel between the foreign policy behavior of the United States and the behavior of the Soviet Union, which I think some – most Americans would reject.

Well, in any case, what you didn't speak about was Russian foreign policy for these 20 years. Can I ask you a question? What is the lesson of Russian foreign policy for the last 20 years, and what do you have to reset?

MIN. LAVROV: Toby, I think you misheard me because what I said was not compare the United States to the Soviet Union; I said the Soviet Union, in its economic model, took one extreme – socialism, which we even called communism at some point – and the United States, especially after the Cold War, took another extreme on economic development, being liberal capitalism, and both extremes proved to be, I said, insolvent.

You can find a softer term for what happened to you, but in Russia the socialist system certainly wasn't solvent. What happened to liberal capitalism last fall, it's up to you to qualify.

Lessons, what lessons we would draw, I never thought of this, frankly. I don't have time to draw lessons. I will do this when I retire.

(Laughter.)

MS. MATHEWS: Right there.

Q: Mr. Minister, welcome. Rich Herold with BP. I think it's fair to say that the business community is hoping for a healthier bilateral relationship between Russia and the U.S. for all kinds of reasons, but including self-interest because, for those of us working in Russia, we think that will provide a healthier working environment.

One item that's probably important to a healthier relationship is an active multi-level dialogue between governments and other entities in both countries. And we've been hearing that talks are underway between Russia and the U.S. to establish such a dialogue.

At this point, could you please give us your thoughts on what level you think, in the Russian government, should be leading the dialogue on your side, and how should the dialogue be structured? Thank you.

MIN. LAVROV: Well, this would have to be discussed by the presidents when they meet in early July in Moscow. We have had various formats, as you know. We used to have Chernomyrdin-Gore Commission. In the last three years over the Bush administration we have had a format which was at the level of first deputy foreign ministers, which met, quite usefully, I would say.

What will be the new format the presidents would decide. I don't want to prejudge the agreement, but I can assure you that there would – and we paid attention to the need for both of us to encourage the business-to-business close cooperation. And Russian and American business communities have more than three, I think, structures which are quite active. And there would be an intergovernmental mechanism to support this business-to-business cooperation and to help resolve in operational way the problems which might arise for the two business communities.

MS. MATHEWS: All right, let's go to the back – right there on the aisle.

Q: Hi Mr. Minister, Miles Pomper, for the Center for Nonproliferation Studies. You've called repeatedly for nuclear weapons to not be stationed outside of the territory of nuclear weapon states. Presumably that refers to U.S. tactical nuclear weapons in Europe and withdrawing those from Europe. What would Russia be prepared to do if the United States moved on your proposal, in terms of its tactical nuclear weapons? Would it prepare to provide better transparency for instance, consolidate its tactical weapons, disclose how it has met its commitments under the Presidential Nuclear Initiatives of 1991?

MIN. LAVROV: Try us, try us – you wouldn't be disappointed. (Laughter.) But I can only remark that the U.S. tactical weapons in Europe, for all practical purposes, are part of the U.S. strategic arsenal.

MS. MATHEWS: Graham.

Q: Thank you very much. Graham Allison; nice to see you, Mr. Minister. President Medvedev has, on several occasions, proposed a new European security architecture. He says about it that it's not to replace NATO, not to replace the E.U., it's to open to the U.S. and Canada, it's not the OSCE. So would you tell us a little more about what the content of it might actually be?

MIN. LAVROV: Well, I alluded to this in my initial remarks. The problem is that we have a lot of principles endorsed in the context of all European cooperation and the OSC and the Russia-NATO Council in other formats. And these principles do not secure security in this region. They could not prevent the bombing of Yugoslavia in 1999, including the bombing of media outlets, TV stations, even hitting an embassy in the process, you know?

These principles and the mechanisms existing in security area in Europe could not prevent what happened last August in the Caucasus in spite of the fact that we have been repeatedly calling – a couple of years before that crisis – calling for non-use-of-force documents to be signed that were given cold shoulder and only told by our American colleagues that Saakashvili would never use force. If he uses force he could forget about NATO – that was the phrase which – let's be transparent – which Dr. Rice used in conversation with me.

Then when it happened, I reminded her about this and said Condi, now he did use force. What about him forgetting about NATO? There was no answer. So the current system is based on collective security principle inside NATO. The Organization of Collective Security Treaty is also an organization based legally on the principle of collective security. And there is no other legally-binding organization which would be of the universal nature as far as Euro-Atlantic region is concerned.

And the key principle which we want to become really universal is the principle of indivisibility of security – Russia-NATO Council founding documents say that no country should ensure its security at the expense of security of others. And when we speak about applying this principle, for example to NATO expansion – in spite of all the commitments not to do so at the, you know, end of the Soviet Union, when we were withdrawing from Eastern Europe, we were promised that NATO not be expanded.

And we have recently declassified those discussions – including with some of the secretaries – former secretaries of state and presidents who were saying this to us. So when we say that, you know, we feel insecure when you expand NATO and when you put military bases around our borders – while we all committed – while NATO committed itself not to put any substantial combat forces on the territory of new members, we find the cold shoulder.

We are told no, no, no – this is not against you. Then we present some, you know, arguments that this was the commitment, which is being violated. The answer is it is not against you. Missile defense plans – we presented calculations showing how this would disturb the strategic balance – scientific and practical calculations. The answer is, this is not against you. So what Medvedev's – President Medvedev suggested is first of all, we are not asking for any new principles to be invented.

We want all the existing principles – first of all the principle of indivisibility of security to be made legally binding by all Euro-Atlantic states and also all organizations in this Euro-Atlantic space – organizations which have anything to do with security – NATO, European Union, CIS, Collective Security Treaty Organization.

And also to agree that we would not have double standards in resolving conflicts; that we would all be basing ourselves, when resolving conflicts, on the principles, you know, which are very well known – the principles of the U.N. Charter, the principles of force, including territorial integrity, including the need to respect the agreements reached between the partisan conflict, including the need for the parties themselves to agree – like what is going on in the case of Nagorno-Karabakh so that no one can impose the solution.

But the parties themselves must reach an agreement which would be acceptable to both of them – humanitarian needs of the conflict areas, these type of things. And, also, I think, this Euro-

Atlantic security summit which President Medvedev suggested to convene to agree on the avenues of the work on the new treaty should also address the conventional arms, which are really being neglected since the time of NATO refusing to ratify adapted CFE treaty. So it is not to substitute for anyone, but rather to make sure that there is a unified legal space where everyone feels comfortable in the area of hard security in the Euro-Atlantic area.

MS. MATHEWS: Last question, go ahead, yes.

Q: Thank you, Mr. Minister, Jill Dougherty from CNN. Russia has frequently, recently especially been asserting that it has a sphere of interest in the post-Soviet space, but it's not always defined precisely. Could you define that for us and is it a formal of Soviet – sorry – talk about mistakes – is it a formal part of Russian foreign policy doctrine? And also have you presented this in a formal sense to the Obama administration?

MIN. LAVROV: No, Presidents Medvedev and Obama discussed many things and they agreed, President Obama himself said there is no such thing as spheres of interest anymore. And he was in particular speaking of the U.S. attitude toward Latin America. It is absolutely the same approach which we take vis-à-vis our neighbors. When in 2004 President Putin, at that time, addressed the meeting of the Russian ambassadors abroad, we hold it every two years, he bluntly stated that our neighborhood is very important but you must understand that we don't have a monopoly on this space.

That there is a competition, that there are interests which are legitimate and we recognize this interest of non-regional countries, energy-wise, also from the point of view of transit routes, terrorism, drug threats. So many countries, including Europe, the United States, China, others have the interest in this region.

The only thing we want is, if it is the time of no monopoly and fair competition, let this competition be really fair. Let the means of promoting this legitimate interest be also legitimate. Let's not have some covert contact telling these countries, you must decide either you are still a colony of Moscow or you want to be with the free world. And this example, you know, secrets do not hold these days; everyone knows everything what is being told about one or another person or a country.

As far as Russian doctrine is considered, yes, we clearly state that CIS countries are our privileged partners, but the fact of the matter is that Russia for them is also a privileged partner. Why? Because families live on both parts of the border, because the infrastructure, transportation, social, economic and otherwise is so much common that you really cannot build a wall and forget about your neighbors. Culturally, historically, family-wise, we live together for centuries and centuries and it's just only natural that they are our privileged partners. And it's only natural that we are their privileged partners, not to mention new aspects of this partnership being, for example, migrant laborers.

By the way, when President Medvedev first mentioned this term, "privileged partnership," the noise which, you know, immediately was raised surprised me deeply. For the first time the term "privileged partnership" was used some, I think, 35 years ago to describe relations between the Soviet Union and France; no one raised any hell at that time. (Laughter.)

MS. MATHEWS: Mr. Minister, you have been masterful in covering a huge range of issues, generous in answering all our questions, deeply informative and very candid and I hope everyone will join me in thanking you so much.

(Applause.)

(END)