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RUSSIA'S AGGRESSION AGAINST GEORGIA: CONSEQUENCES AND RESPONSES

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RUSSIA'S AGGRESSION AGAINST GEORGIA: CONSEQUENCES AND RESPONSES

WEDNESDAY, SEPTEMBER 17, 2008

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

The committee met, pursuant to notice, at 10:03 a.m., in room SD–419, Dirksen Senate Office Building, Hon. Christopher Dodd, presiding.

Present: Senators Dodd, Feingold, Nelson, Cardin, Casey, Webb, Lugar, Hagel, Coleman, Corker, Voinovich, Murkowski, and Isakson.

OPENING STATEMENT OF HON. CHRISTOPHER J. DODD, U.S. SENATOR FROM CONNECTICUT

Senator DODD. The committee will come to order.

Let me welcome my colleagues, as well as our witnesses and the audience this morning, to be a part of this very important hearing, "Russia's Aggression Against Georgia: Consequences and Responses."

And we thank you very much, Mr. Secretary, for being with us this morning.

Let me, once again, express the apologies of my dear friend and colleague from Delaware, Senator Biden, who would normally be sitting here holding that gavel, but, as I presume everyone in the audience knows, he's otherwise occupied, and couldn't be here this morning. So, I'm designated as acting chairman of the Foreign Relations Committee, and delighted to be filling in for him this morning on this very important hearing.

I'm going to share some opening comments, and then turn to Senator Lugar for any opening comments he may have. We don't have a packed room of members yet, so any of my colleagues who would like to be heard on this issue may have that opportunity—several of whom have been to Georgia and can bring some particular expertise. Senator Biden, in fact, was in Georgia in the midst of the events as they unfolded. And then we'll get to you, Mr. Secretary, to respond to some questions we may have.

At some point here I'm going to try and put up a map, as well. I always find having maps can help, it certainly helps me when I can see exactly the geography and where various elements are that have been the source of the difficulties over the last number of weeks. So, when we get to that, if we have a chance, we'll put that up, and then describe where some of the ethnic populations also re-

side, which I think may help clarify, for those who are looking at this, some of the difficulties that are posed by this issue.

Last month's war between Russia and Georgia began in a small region of South Ossetia, but it obviously cast a very long and broad shadow across continents. In the aftermath of the conflict, the United States and our allies certainly face some serious new challenges. And as we survey the situation in Georgia today, we face, as I see it, three strategic questions. First, What can we do to shore up Georgia's democracy, economy, and its institutions? Second, How do we convince Russian leaders that their actions in Georgia are antithetical to their own stated goal of becoming a successful, respected member of the international community? And third, What can and should the Euro-Atlantic community do to prevent the consequences of this war, which has already taken a heavy toll on Russia and Georgia, from undermining ambitions of the entire region?

In many respects, the first question is the most urgent one. In the course of the conflict, tens of thousands of Georgians were driven from their homes. In some areas, entire villages were burned to the ground by South Ossetian forces armed and supported by Russia, and their residents have been told they will never be allowed to come back. As winter approaches, the situation could become a serious humanitarian crisis, as well. Georgia's problems have been compounded by Russia's gratuitous destruction of critical economic infrastructure far outside the autonomous regions of South Ossetia and Abkhazia. Georgia's main rail line, cement factory, and even its national forests were all targeted by the Russian military.

There are two ways to undermine, if not topple, a democratic government: Either militarily or by crushing and strangling the economy to make life so miserable that the government's mandate comes into question. Many expert observers believe that having failed in the first approach, Russia now seems to have shifted to the second. Russians undoubtedly will know that the reason that young democracies survive is that each year people's lives get a lot better. That happened in Georgia, of course. Before the Rose Revolution in 2003, Georgia's whole economy was barely $5 billion a year. By last year, it had grown to $10 billion. Next year, it was going to be almost $14 billion. Hundreds of thousands of Georgians have joined the country's new middle class. If Russia can halt that progress, it'll cripple Georgia's young democracy. Georgians don't want a handout. They know how to grow their economy out of this conflict situation. They've done it before. We have pledged to them, rightly so, that the United States and the international community are not going to turn our back and walk away from this situation. The administration's speedy commitment of assistance and other important signals of support from the international community will go far to persuading international investors, who have supported the country's growth, to come back and to help them to rebuild on their own.

We also need to help ensure Georgia's institutions remain true to the principles on which they were founded. Georgia remains a very young democracy, as we all know, and is certainly not immune from the political problems that challenge other countries at this stage of development. It'll be absolutely critical for Georgians to

maintain unity in the face of serious adversity, but, at the same time, this crisis cannot become an excuse for any actions by the government that compromise Georgia's standing as a proud democracy.

Second, we will need to continue reassessing our approach for dealing with Russia. We simply cannot allow Russia to act like the Soviet Union. We cannot allow them to go around intimidating or toppling democracies. In many respects, this question is bigger than Georgia and bigger than Russia itself. It is a matter of what kind of a world we're going to live in, in the 21st century, and whether small democracies are allowed to thrive in that world, or whether they're going to get bullied by the largest kids on the block.

Russia has a critically important relationship with the United States and the West, but it's a relationship that is now badly off track. Obviously, we want to work with Russia on a wide range of issues. The United States has supported Russia's attempt to join international organizations, and tried to partner with Moscow on a wide range of issues. Russia's increasing integration into the international community has had significant benefits for the Kremlin and the Russian people. The country's economy has grown rapidly in recent years, and Russians are understandably very proud of that progress.

With integration and success come responsibilities, as well. Once a country becomes part of the international political and financial networks, reputations matter, and matter a great deal. And if you develop a reputation for flaunting the rules, then you'll pay a price for that.

It should be clear to the leaders in Moscow that there are some real costs associated with failures to play by the rules of the international system. Russia's benchmark RTS stock market index has lost more than half its value. Now, there are reasons for that loss other than these events, but, nonetheless, certainly such a loss has a lot to do with that conclusion. Three-quarters of a trillion dollars since its peak in May, I might add. Yesterday, and again today, the situation has been so bad that the index halted trading altogether. Capital flight from the country has spiraled, and risk premiums for investment in Russia are nearing stratospheric levels. Russia's economic success has been the signature achievement of the country's leadership, even if it has been largely predicated on high energy prices. If Russia does not reestablish a reputation as a country that abides by the rules both at home and abroad, then it may sacrifice both its international standing and its economic success.

Finally, the crisis also has significant regional implications. Georgia is an East-West land bridge between the Caspian Sea and the Black Sea. When the Russian attack severed communications, Armenia was cut off from its one trade route to the West. Azerbaijan saw its economic lifeline, its oil export route to the West, close down. And the countries in Central Asia realized that their only alternative to exporting oil through Russia was in great danger.

Georgia's location in the Caucasus makes it absolutely critical, a bridge for goods, energy, and ideas, but also makes it an attractive target for those who would like to stop commerce and contact be-

tween East and West. Beyond Central Asia and the Caucasus, what happened to Georgia will have echoes in the Ukraine, in Moldova, the Baltics, and Eastern Europe. If leaders in these countries are intimidated to the point that they begin acting in opposition to their democratic interests, it'll be a major blow to the processes that the Euro-Atlantic integration has transformed much of the region so successfully.

Geopolitically, we are witnessing a major moment in history. Future generations will remember the war in Georgia as a turning point. The only question is, What type of turning point? Will it mark the moment that Russia recognized the political and economic costs of military conflict with its neighbors was prohibitively high and permanently abandon the practice, or will it usher in a new era of insecurity in which no country in the region, Russia included, feels confident in its ability to prosper in the absence of outside pressure. How the United States and our allies respond, not only over the coming days and weeks and months, but over the coming years, in my view, will have a significant impact on determining which of these scenarios comes to be the case.

We are grateful to Ambassador Burns for being with us this morning, and look forward to discussing these critical issues. And we thank you, Mr. Ambassador, for your work.

With that, let me turn to the former chairman, Senator Lugar, of Indiana.

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

Senator LUGAR. Well, I join the chairman in welcoming our distinguished witness. Under Secretary Burns is uniquely qualified to discuss the challenges posed by Russia's invasion of Georgia. He's an outstanding public servant, and we are fortunate to have him at the forefront of our diplomatic efforts.

On August 7, Russian military forces invaded the sovereign territory of Georgia. Russia's aggression should not have been a surprise. For years, Moscow has been implementing a policy designed to apply the maximum possible pressure on Georgia:

First, Russia shut off energy exports to Georgia, claiming that terrorist attacks had damaged the gas pipeline running between the two countries.

Second, Moscow instituted a trade embargo against Georgia, cutting off all commerce between them, and closing road connections.

Third, mail deliveries and direct flights between the two countries were suspended.

Fourth, Russian authorities arrested thousands of Georgians living in Russia, and deported them. At least two Georgians died during that process.

Fifth, Russian diplomats disrupted and frustrated the diplomatic efforts underway to find a resolution to disputes between Georgia and the enclaves of South Ossetia and Abkhazia. In some cases, they even refused to appear at scheduled talks.

Sixth, the Russian military conducted a large military exercise just north of the Georgian border that coincided with increased artillery and small-arms fire between Georgian troops and Russian and South Ossetian troops.

Seventh, Russia asserted increasing control over the administration of Abkhazia and South Ossetia, and expanded the number of Russian officials with extensive military and intelligence backgrounds in these regions.

Eighth, Russia reinforced its military presence in both Abkhazia and South Ossetia in recent months without consulting Georgia, as is required under existing agreements.

Ninth, Russian military aircraft violated Georgian airspace on numerous occasions.

Tenth, Moscow established administrative relationships with both South Ossetia and Abkhazia, breaking previous commitments made through the Commonwealth of Independent States, and distributed thousands of Russian passports to Abkhazians and South Ossetians.

These events should not have left much doubt in anyone's mind that Russia was looking for a way to justify military action in Georgia. American leaders counseled the Georgian Government not to respond to this intimidation. I spoke on the telephone to President Saakashvili in April and urged him not to take actions that would invite a Russian military response.

When I visited Tblisi, 2 weeks ago, President Saakashvili asserted that his government had no choice, and that Georgia had to defend itself. We may never know definitively who fired first, but it's clear that Russian—Russia implemented an extraordinarily provocative plan to lure Georgia into combat.

Moscow has agreed to several cease-fire agreements, but has not yet met its obligations under any of them. Russian troops must withdraw from Georgia, and the international community must ensure that conditions on the ground do not permit Russia to determine political events in Georgia.

The European Union's announcement that it is sending 200 observers to Georgia is a welcome initiative, but much more needs to be done. The United States has moved to provide Georgia with significant humanitarian and reconstruction assistance. I saw, firsthand, the important role the United States is playing in alleviating the suffering in Georgia. I joined USAID workers in distributing cots and blankets to displaced persons in Tblisi, and observed military servicemen unloading supplies from a C–17. I expressed my strong support for the administration's $1 billion aid package when Secretary Rice called to brief me on the details. This is a good first step. But, by itself it will not ensure the survival of the democratic free-market Georgian government.

Georgia's Prime Minister estimated a need for at least $3 billion to $4 billion for budget support and infrastructure repair. He forecasts that, unless action is taken quickly, Georgia's GDP could fall more than 10 percent, in contrast to the 10-percent annual growth the young economy had been experiencing.

Moving the Georgian economy back to a sound footing is imperative. Russia has not emerged from this conflict unscathed. Recent press reports suggest that Moscow's stock market, as the chairman mentioned, has lost nearly 50 percent of its value and more than $20 billion of capital has fled the country. In recent days, the Russian Central Bank has spent $4.5 billion to prop up the ruble. This level of financial shock would have crippled the economies of many

countries around the world, but the tens of billions of dollars Russia receives from its oil and gas exports are allowing it to absorb these economic losses.

The conflict in Georgia cannot be separated from Europe's dangerous dependence on natural gas from Russia. In fact, the conflict in Georgia makes it all the more important for European leaders to act on energy security. Commitment to energy diversification, including new pipelines circumventing Russia, is essential to the security of our European allies.

The Kremlin has shut off energy supplies to six different countries during the last several years. These energy cutoffs were intended to demonstrate Russian willingness to use its commanding energy export position to back its demands for foreign and economic policy concessions. A natural-gas shutdown experienced by a European country in the middle of winter would cause death and economic loss on the scale of a military attack. Such circumstances are made more dangerous by the prospects that nations might become desperate, increasing the chances of armed conflict and terrorism.

In addition to the administration's assistance package, there were several steps the United States must take in the near term. We must redouble our efforts to extend a Membership Action Plan to Georgia. The failure to extend MAP to Georgia and Ukraine at the summit in Bucharest was a mistake that sent the wrong signal to Moscow and the international community. A MAP would be powerful symbol of the West's support for an independent Georgia.

Finally, the U.S. must lead the international community to establish a diplomatic structure to consider and solve the so-called "frozen conflicts." These trouble spots, like Abkhazia and South Ossetia, must not be permitted to become incentives or excuses for conflict. In addition to the zones in Georgia, the Transdnistria region of Moldova, the Nagorno-Karabakh standoff between Armenia and Azerbaijan, and the Crimean region of Ukraine could trigger armed conflict. Peaceful solutions are possible, but they will require the attention of the United States and our allies.

I thank you, Mr. Chairman, for holding this hearing, and we look forward to hearing from our distinguished witness.

Senator DODD. I thank you very much, Senator Lugar.

And, as I mentioned earlier, let me ask my colleagues of any of them have any brief comments.

Senator Nelson.

Senator BILL NELSON. Very brief, Mr. Chairman.

STATEMENT OF HON. BILL NELSON,
U.S. SENATOR FROM FLORIDA

Senator BILL NELSON. I just want to say to our members of the committee, that the resurgent Russia's actions have enormous ramifications in things that you wouldn't think of. For example, Russia is a partner with us on the international space station. NASA has gotten itself into a fix that we're going to shut down the space shuttle in 2010, and now they're not going to have the new system ready until 2015 or 2016, the new rocket; it's a Aries rocket with a Orion capsule. That's a 5-or-6-year gap that we only have one way to get to the space station that we built and paid for, and

that is on the Russian spacecraft *Soyuz,* which we have been using, along with our space shuttle, to get to and from the international space station.

Now, if we've got a Russia that is trying to exclude itself from the family of nations' normal standard operating procedure, it's going to make it increasingly difficult for us to get along with them. But, what is facing us right now—and this is a ramification that people don't realize—is, for that 5-year period, we've got to contract with the Russians to build those spacecraft in order to get us to and from, and to have the safety lifeboat attached in case they had to abandon the space station. There's a 3-year lead time. That contract has to be signed right now. And we have to waive the law that says that we can't do business with Russia because they're helping Iran on its nuclear program. That's an issue in front of this committee right now. It's a waiver of that law. I support it, simply because there's nothing that we can do about it. We've got to get to and from our space station. But, because of the aggression of Russia in Georgia, we now have this complication facing us, in ways that we would normally never think of, in our ability to get to and from our space station.

Senator DODD. Very good point.

Senator Hagel.

Senator HAGEL. I'll wait.

Senator DODD. Very good.

Senator Casey.

Senator CASEY. Just briefly, Mr. Chairman.

STATEMENT OF HON. ROBERT P. CASEY, JR., U.S. SENATOR FROM PENNSYLVANIA

Senator CASEY. Thank you for chairing the hearing and calling it.

I think that one of the difficulties here is, as much as our Government—and I think there's bipartisan support for condemnation of what Russia's done—it's complicated by the fact that we have some shared interests. One of them is that we want to do everything possible, as the chairman has done over his career, and Senator Biden, as chairman of this committee, even when he wasn't chairman, and certainly the work of our ranking member, Senator Lugar—is to do everything possible—and Nunn-Lugar is the model for this—is to do everything possible to make sure that working in a bilateral way, with the Russian Federation, as well as other countries in a multilateral way—to do everything possible to remove the threat of weapons of mass destruction, and, in particular, to focus on fissile material, which is all over the world, in many places in the former Soviet Union. So, that imperative is in front of us.

So, I think, even as we make it clear about our stated position as a country against this action by the Russians, as well as our intention to extend the Membership Action Plan to Georgia, we have to keep our eye on the ball as it pertains to fissile material and weapons of mass destruction. And that's the difficulty, because I think there's a real frustration that the American people feel, that sometimes more specific action can't always take place, beyond condemnation and beyond engagement in diplomacy. But, I think we

have to be very conscious of the international threat that fissile material in the hands of terrorists, as well as the weapons of mass destruction, pose.

So, Mr. Secretary, I don't envy the difficulty that you have in striking that balance, but we appreciate your presence here and the leadership—the bipartisan leadership over many years, on the threat posed by weapons of mass destruction.

Thank you.

Senator DODD. Thank you, Senator Casey.

Senator Coleman.

Senator COLEMAN. Mr. Chairman, I yield my time, in the interest of hearing the witness.

Senator DODD. Very good.

Senator Corker.

Senator CORKER. I yield my time, in the——

Senator DODD. Senator Voinovich.

Senator VOINOVICH. I'll yield my time, as well.

Senator ISAKSON. I yield my time.

Senator DODD. Very good.

Mr. Ambassador, welcome. And we thank you for being with us this morning.

And let me just say to you and my colleagues, whatever supporting documents and materials beyond your statement will be included in the record.

And I've asked, by the way—and I don't know if they've been distributed or not—for maps of Georgia. And though it may not be quite so clear—although you can point out—I think it may be marked on the maps themselves exactly where these areas are, including South Ossetia and Abkhazia, so you can get some sense of their location. There is actually another map that we're going to make available to you, as well, that shows where the ethnic populations are, which I think may be helpful to take a look at.

Mr. Ambassador, the floor is yours.

STATEMENT OF HON. WILLIAM J. BURNS, UNDER SECRETARY FOR POLITICAL AFFAIRS, DEPARTMENT OF STATE, WASHINGTON, DC

Secretary BURNS. Thank you very much, Mr. Chairman, Senator Lugar, members of the committee. I want to thank you for this opportunity to discuss the Georgia crisis and its implications, particularly for our relationship with Russia, where I've served for the last 3 years as U.S. Ambassador.

With your permission, I'll submit my written statement for the record and offer a very brief summary.

Senator DODD. So ordered.

Secretary BURNS. The causes of the current crisis are complicated, with mistakes and miscalculations on all sides. Georgia's decision to use force to reassert its sovereignty over South Ossetia, against our strong and repeated warnings, was shortsighted and ill-advised, but there was no justification for Russia's disproportionate response, for its provocative behavior in the runup to the crisis, or for sending its military across international boundaries to attack Georgia and seek to dismember a sovereign country.

With a cease-fire in place, the uncertain beginnings of Russian withdrawal from Georgia underway, and Georgia's own economic recovery moving ahead, this is a moment to take stock and look ahead. A great deal is at stake.

Russia's actions in Georgia, particularly its reckless decision to recognize South Ossetia and Abkhazia, are deplorable. Russia's behavior raises serious questions about the future of our relations with a resurgent, nuclear-armed, energy-rich, great power which has much potential, but more than its share of troubles and complexes, and whom we do not have the luxury of ignoring.

As we consider the contours of an effective strategy, I would highlight a few elements:

First, it is essential to continue to make common cause with our European allies. Our cohesiveness and collective determination is the key to effecting Russia's calculus. American actions have far more impact as part of a chorus than as a solo performance, and unity among European countries is also crucial. We have worked closely with President Sarkozy and the EU leadership in recent weeks. We will continue to do so as, standing together, we press Russia to fulfill all its commitments under the August 12 and September 8 agreements. While much is made of Europe's energy dependence on Russia, the wider truth is that Russia needs Europe, too, as the market for 75 percent of its gas exports and as a critical bridge to a better economic future.

Second, the United States and Europe must continue to work together urgently to support Georgia's economic revival and territorial integrity. Senator Biden and other members of this committee were absolutely right, at the outset of this crisis, to highlight the importance of a major American assistance initiative. And Secretary Rice proposed, on September 3, a $1 billion economic package for Georgia, with the first phase of $570 million this year. In the second phase of funding, next year, we hope for strong bipartisan backing for aid that goes beyond immediate humanitarian and reconstruction needs and includes new resources to strengthen Georgia's independent media, rule of law, and civil society. We look forward to working closely with the Congress in this effort, and also intend to coordinate with our European allies, including at the donor's conference planned by the EU later this fall. In the meantime, we will also be assessing Georgia's security assistance needs, again in cooperation with our NATO partners, using the newly established NATO-Georgia Commission. The NATO Secretary General and a delegation of NATO permanent representatives were in Tblisi yesterday to underscore our collective support for Georgia.

Third, we are working to reassure our friends throughout the region of our long-term commitment to their economic modernization, democratic development, and well-being. Russia obviously has vital interests throughout its own neighborhood, and a great deal of natural influence to bring to play, but that does not entitle it to a region of privileged interests or veto power over the sovereign choices of its neighbors.

We also recognize that out of crisis sometimes come opportunities. Turkey, which I visited earlier this month, is showing real leadership in exploring possibilities for easing tensions in the South Caucasus. The leaders of Turkey and Armenia had an un-

precedented meeting in Yerevan, a week ago, and progress toward normalization between Turkey and Armenia could open up trade and transportation routes for the entire South Caucasus. Moreover, it could help open up new avenues for settling the Nagorno-Karabakh conflict between Armenia and Azerbaijan. This is also an important moment to reassure NATO's newest northern members.

Fourth, the United States needs to redouble our efforts, with our partners in Europe and Eurasia, to diversify energy supplies and transit routes and avoid a singular reliance on Russian oil and gas imports. Improving energy efficiency is a significant ingredient, as is development of renewable energy sources. The EU's competitiveness and antimonopoly regulations can also be a valuable tool to promote greater transparency and reliability.

Fifth, it is important to reinforce for Russia the consequences of its actions in Georgia as a means of ensuring its compliance with its commitments to President Sarkozy. We and our European partners have made clear that there will be no "business as usual" with Russia while those commitments remain unfulfilled. For our part, the administration has withdrawn the 123 Agreement on civil nuclear cooperation with Russia and suspended United States-Russian bilateral military programs. We continue to review other options.

In many ways, the most damaging consequences thus far for Russia have been self-inflicted economic and political wounds. Since August 7, investor confidence has plummeted; at least in part because of the Georgia crisis, Russian financial markets have lost nearly a third of their value, with losses in market capitalization of hundreds of billions of dollars. Capital is fleeing Russia, with $7 billion leaving the country on August 8 alone, according to Russian Finance Minister Kudrin. The ruble has depreciated by nearly 10 percent since the Georgia crisis began. The Russian Central Bank has spent billions of dollars of its reserves to try to halt the slide of the ruble.

The opportunity costs for Russia are even greater, the most important of which may be the country's ambitious plans to diversify the economy and rebuild infrastructure. At a moment of critical economic choices, at a moment when Russia can innovate, diversify beyond hydrocarbons, and develop to the full its greatest resources—its enormously talented people—it is in danger of missing an historic chance and stagnating amidst mounting corruption, cronyism, and demographic ills.

Russia's diplomatic isolation was vividly exposed at the recent Shanghai Cooperation Organization Summit, when not one of its partners joined it in recognizing Abkhazia and South Ossetia. Nicaragua's solitary support for recognition of those two breakaway regions is hardly a diplomatic triumph. In a rare step, the G–7 Foreign Ministers also issued a statement sharply criticizing the behavior of the remaining member of the G–8.

Finally, our long-term strategy toward Russia needs to be based on a sober assessment of our own interests and priorities, and of what's driving Russia today. Flush with petro dollars and reborn pride, the Russia we see before us is a muddle of conflicting impulses, of angry chauvinism and accumulated grievances alongside some very 21st-century connections to the global market and new

attachments to a world in which foreign travel and private property are what animate much of the next generation and the emerging middle class.

On the one hand, some Russian strategists clearly see opportunities in American difficulties, and see taking us down a notch as the best way to assert their own prerogatives and expand their role. Another aspect of that inclination was on full and ugly display in the Georgia crisis, the very 19th-century notion that intimidating small neighbors is what makes great powers great. Those impulses are fed by the increasingly authoritarian bent in Russian politics over recent years. They are beguiling and cathartic for a country that, a decade ago, was about as far down on its luck as a great power can go, but they are not the same thing as a positive agenda for realizing Russia's potential in the decades ahead.

On the other hand, there is the Russia about which President Medvedev spoke eloquently during his election campaign, a Russia that aspires to become a modern, rules-based, 21st-century, great power with a diversified, integrated economy and a political system that gradually opens itself to the rule of law. That vision of Russia has hardly been on display in recent weeks. Indeed, it has very nearly receded from view. But, the realities of Russia's circumstances may yet force it back to the surface.

It's hard to predict which set of impulses will prove strongest in the years ahead, or whether the costs and consequences already evident in the Georgia crisis will sink in. The truth is, we are likely to have a relationship with Russia, for some time to come, which mixes competition and political conflict with cooperation. On some critically important issues, like combating nuclear terrorism and nonproliferation, we have a hardheaded interest in working with Russia, as we will be doing when my Russian counterpart joins the rest of our "P5-plus-1" colleagues in another round of discussions on Iran, the day after tomorrow, in Washington. Nowhere is our cooperation and our leadership more important than on the whole complex of nuclear challenges, from setting a good example for the rest of the world in managing and reducing our own nuclear arsenals, to ensuring the safety and security of nuclear materials on the basis of the visionary programs which Senator Lugar has done so much to promote. On other issues, like Georgia, we and our partners will need to push back hard and systematically against Russian behavior.

Dealing with Russia in the years ahead will require equal parts firmness, steadiness, and patience. It will require us to put sustained effort into a common strategy with our European partners. It will require us to keep a clear sense of priorities. It will require us to keep the door open to long-term, mutually respectful partnership with Russia, if Russia chooses to make that possible, and if it chooses to become a responsible stakeholder in the international system, but to defend our interests resolutely in the meantime. It will require us to keep a sense of strategic confidence and initiative, as well as a sense of the internal weaknesses and growing interdependence with which Russian leaders must ultimately contend. And it will require us to continue to focus energy and attention on a relationship with Russia that may often prove frustrating,

and sometimes even dangerous, but that matters enormously, not only to our interests, but to the future of global order.

Thank you very much.

[The prepared statement of Ambassador Burns follows:]

PREPARED STATEMENT OF HON. WILLIAM J. BURNS, UNDER SECRETARY OF STATE FOR POLITICAL AFFAIRS, DEPARTMENT OF STATE, WASHINGTON, DC

Mr. Chairman, Senator Lugar, members of the committee, thank you for the opportunity to discuss the Georgia crisis and its implications, particularly for our relationship with Russia.

The causes of this conflict—particularly the dispute between Georgia and its breakaway regions of South Ossetia and Abkhazia—are complex, with mistakes and miscalculations on all sides. But key facts are clear: Russia's intensified pressure and provocations against Georgia—combined with a serious Georgian miscalculation—have resulted not only in armed conflict, but in an ongoing Russian attempt to dismember that country. Russia sent its army across an internationally recognized boundary, to attempt to change by force the borders of a country with a democratically elected government.

With a cease-fire in place, the uncertainty of Russian withdrawal from Georgia underway and Georgia's own economic recovery moving ahead, this is a moment to take stock and look ahead. Today I will seek to explain how we got here, how we're responding and the implications for our relationship with Russia.

BACKGROUND TO THE CONFLICT

The collapse of the U.S.S.R. was marked by ethnically based violence, especially in the South Caucasus. This involved clashes between Azeris and Armenians, Ossetians and Ingush, Russians and Chechens, Abkhaz and Georgians, and others. These clashes deepened into a series of wars in the early 1990s that ended without lasting solutions. Uneasy truces followed, and the conflicts in areas outside Russia became known as "frozen conflicts."

Two of the disputed regions lie within the internationally recognized territorial borders of Georgia: Abkhazia and South Ossetia. In 1992, following 2 years of armed conflict between Georgians and South Ossetians, an armistice was signed by Russian, Georgian, and South Ossetian leaders. The leaders also agreed on the creation of a tripartite peacekeeping force of 500 soldiers each from Russia, Georgia, and North Ossetia, a territory which lies within the borders of Russia. In practice, however, the North Ossetian peacekeeping contingent ended up being staffed by South Ossetians. Fighting in Abkhazia was brutal in those years and, as a result, large numbers of ethnic Georgians were expelled from their homes in Abkhazia; before the fighting, the ethnic Abkhaz had been a minority—under 20 percent—in Abkhazia.

The next year, 1993, South Ossetia drafted its own constitution, and 3 years after that, in 1996, South Ossetia elected its own "President" in an election in which mainly ethnic Ossetians—not ethnic Georgians—voted. In 2001, South Ossetia elected Eduard Kokoity as President, again with most ethnic Georgians boycotting the election. The following year, in 2002, he asked Moscow to recognize South Ossetia's independence and absorb it into Russia. Throughout this period, Russia acted to support the South Ossetian and Abkhaz leaderships. That support was not only political, but concrete, and never more so than through the continued presence of Russian military forces, including those labeled as peacekeepers.

Georgia emerged from these post-Soviet wars in weak condition. While then-President Shevardnadze deserves credit for helping end the fighting, Georgia could not find its feet; its economy remained weak and its government relatively ineffective. In the autumn of 2003, President Shevardnadze acquiesced in an attempt by a local Georgian strongman—Ajaran leader Aslan Abashidze—to steal Georgia's parliamentary election. This triggered a popular uprising of hundreds of thousands of Georgians, leading to the so-called Rose Revolution and Mikheil Saakashvili's election as President.

Following his 2004 election, Saakashvili and his government moved swiftly and effectively to improve governance in Georgia, reducing corruption, pushing through economic reforms, and welcoming foreign investment. The Georgian economy started to grow rapidly. At the same time, Saakashvili made clear his intention that Georgia follow the path of other successful post-Communist democracies and draw closer to, and eventually join, NATO and the European Union. Although they have developed significantly in the past few years, Georgian democratic institutions remain weak and much work needs to be done to deepen democratic practices and continue

economic reforms; authoritarian practices still exist alongside more democratic ones. We have made known, and made clear in public, our concerns with some of these democratic deficits.

This progress, however, was paralleled by increasing tensions between Georgia and the Russian-supported breakaway territories. After the Rose Revolution, more clashes occurred between Georgians and South Ossetians, and between Georgians and Abkhaz. Then in 2006, South Ossetians voted for a split from Georgia in a referendum that was, again, largely boycotted by ethnic Georgians in South Ossetia. Although there were efforts to resolve the differences through negotiations, by late 2007 talks had essentially broken down.

As Georgia's ambitions to draw close to Europe and the transatlantic community became clearer, its relations with Russia deteriorated. In the summer of 2006, Georgia arrested several Russian military intelligence officers it accused of conducting bombings in Gori. Moscow responded by closing Russia's only road crossing with Georgia, suspending air and mail links, imposing embargoes against Georgian exports and even rounding up people living in Russia (including school children) with ethnic Georgian names and deporting them. At least two Georgians died during the deportation process. In March 2007, what we believe were Russian attack helicopters launched an aerial assault, combined with artillery fire, on the Georgian Government's administrative offices in Abkhazia's Upper Kodori Valley. In August, Russian fighter jets violated Georgian airspace, and then unsuccessfully launched a missile toward a Georgian radar station.

This past year, although Moscow lifted some of the economic and transport embargoes, it further intensified the political pressure by establishing an administrative relationship with both South Ossetia and Abkhazia. In March 2008, Russia announced its unilateral withdrawal from Commonwealth of Independent States (CIS) sanctions on Abkhazia, thus removing the CIS prohibition on providing direct economic and military assistance. Then in April, following the NATO summit in Bucharest where NATO leaders declared that Georgia would one day be a member of the Alliance, then-President Putin issued instructions calling for closer official ties between Russian ministries and their counterparts in both of the disputed regions.

Russia also increased military pressure as Russian officials and military personnel were seconded to serve in both the governments and the armed forces of the separatist regions. South Ossetia's "Prime Minister," "Defense Minister," and "Security Minister," for example, are all seconded Russian officials. And while Russian peacekeepers in Abkhazia were specifically mandated to facilitate the return of internally displaced persons and refugees, we saw no net return of Georgians to Abkhazia in over a decade. On April 20 a Russian fighter jet shot down an unarmed Georgian unmanned aerial vehicle over Georgian airspace in Abkhazia. Russia also increased its military presence in Abkhazia without the required consultation with the Government of Georgia. In late April, Russia sent highly trained airborne combat troops with howitzers to Abkhazia, ostensibly as part of its peacekeeping force. Then in May, Russia dispatched construction troops to Abkhazia to repair a railroad link to Russia.

During this buildup of tension, the United States frequently called on Moscow to reverse Russian actions and to participate with us and key European allies in a diplomatic process to resolve these conflicts. In June and July, for example, the U.N. Friends of Georgia group, which included the United States, Germany, the U.K., and France, urged fellow Friend Russia to engage in invigorated negotiations to advance Georgia's peace plan for Abkhazia. Yet Russia resisted, in one case even failing to show up for a meeting in mid-June that President Medvedev promised Russia would attend. In July, Georgia accepted the Western Friends' request that Russia and Georgia join the U.N. Friends and the Abkhaz for discussions to reduce tension and advance the peace process. But once again Russia's Foreign Ministry refused to send a representative.

During this time, we urged Georgian officials both publicly and privately, on many occasions, to resist the temptation of any military reaction, even in the face of repeated provocations, which they were clearly facing. President Saakashvili did, to his credit, offer extensive autonomy to Abkhazia, including a guarantee that a Vice President of Georgia would be from Abkhazia. In July, Secretary Rice traveled to Tbilisi to seek to intensify diplomatic efforts to reduce the growing tensions. Working closely with counterparts from Germany, France, and the U.K., she called for intensified diplomatic efforts on an urgent basis. While expressing support for Georgia, she also cautioned President Saakashvili against any temptation to use force to resolve these conflicts, even in the face of continued provocations.

Unfortunately, Russia resisted these European-American efforts to intensify diplomatic efforts to stave off a wider conflict. After Russian military aircraft overflew Georgian airspace in July, in violation of Georgia's sovereignty, while Secretary Rice

was visiting Tbilisi, President Saakashvili recalled Georgia's Ambassador to Moscow.

August began with two bomb explosions in Georgian-controlled territory in South Ossetia, injuring five Georgian policemen. On August 2, a firefight broke out in South Ossetia that killed six South Ossetians and one Georgian policeman. On August 3, Russia declared that South Ossetia was close to a "large-scale" military conflict, and the next day, South Ossetia evacuated hundreds of women and children to Russia. On August 5, Moscow issued a statement saying that it would defend Russian citizens in South Ossetia. It is important to note that these were mainly South Ossetians—that is to say, Georgian citizens—to whom Russia had simply handed out Russian passports. On August 6, both Georgia and South Ossetia accused each other of opening fire on villages in the region.

THE CRISIS

Throughout this period, the United States worked with both Georgia and South Ossetia, and with Russia, seeking to tamp down the growing conflict. On August 7 Georgia's Minister for Conflict Resolution traveled to South Ossetia for negotiations, but his South Ossetian counterpart refused to meet with him and his Russian colleague failed to show up. On the night of August 7, shooting broke out between Georgia and South Ossetian Armed Forces in South Ossetia. Georgia declared a cease-fire, but it did not hold. The Georgians told us that South Ossetians had fired on Georgian villages from behind the position of Russian peacekeepers. The Georgians also told us that Russian troops and heavy military equipment were entering the Roki Tunnel border crossing with Russia.

We had warned the Georgians many times in the previous days and weeks against using force, and on August 7, we warned them repeatedly not to take such a step. We pointed out that use of military force, even in the face of provocations, would lead to a disaster. We were blunt in conveying these points, not subtle. Our message was clear.

Georgia's move into the South Ossetian capital provided Russia a pretext for a response that quickly grew far out of proportion to the actions taken by Georgia. There will be a time for assessing blame for what happened in the early hours of the conflict, but one fact is clear—there was no justification for Russia's invasion of Georgia. There was no justification for Russia to seize Georgian territory, including territory well beyond South Ossetia and Abkhazia, in violation of Georgia's sovereignty, but that is what occurred. On August 8, the Russians poured across the international border, crossed the boundaries of South Ossetia past where the conflict was occurring, and pushed their way into much of the rest of Georgia. Several thousand Russian forces moved into the city of Gori and other areas far from the conflict zone, such as Georgia's main port of Poti, over 200 kilometers from South Ossetia. Russia also seized the last Georgian-held portion of Abkhazia, where there had been no fighting.

The full story of that invasion and what occurred is still not fully known. We have received evidence of the burning of Georgian villages in South Ossetia. Russia's invasion resulted in a large number of internally displaced ethnic Georgians who fled South Ossetia to Tbilisi and other Georgian towns. Although Russian forces attempted to prevent access to the area by humanitarian aid workers, some Human Rights Watch researchers were able to reach the area and reported that the Russian military had used "indiscriminate force" and "seemingly targeted attacks on civilians," including civilian convoys. They said Russian aircraft dropped cluster bombs in populated areas and allowed looting, arson attacks, and abductions in Georgian villages by militia groups. The researchers also reported that Georgian forces used "indiscriminate" and "disproportionate" force during their assault on South Ossetian forces in Tskhinvali and neighboring villages in South Ossetia. Senior Russian leaders have sought to support their claims of Georgian "genocide" against the South Ossetian people by claiming that 2,000 civilians were killed by Georgian forces in the initial assault. Human Rights Watch has called this figure of 2,000 dead "exaggerated" and "suspicious." Other subsequent Russian Government and South Ossetian investigations have suggested much lower numbers. We are continuing to look at these and other reports while we attempt to assemble reliable information about who did what in those days.

THE CEASE-FIRE, RUSSIA'S FAILURE TO HONOR IT, AND RECOGNITION OF SOUTH OSSETIA AND ABKHAZIA

In the days that followed the Russian invasion, our attention was focused on halting the violence and bringing about a cease-fire. President Bush spoke with a number of European leaders as well as with President Saakashvili, President Medvedev,

and Prime Minister Putin in an effort to halt the fighting. Secretary Rice dispatched Deputy Assistant Secretary Matthew Bryza to Tbilisi to maintain contact with the Georgian leaders, working with Ambassador John Tefft. She herself worked with the Georgians and Russian Foreign Minister Lavrov, and with key Europeans including the French as the European Union (EU) President, and Finnish Foreign Minister Stubb, in Finland's role as Chairman-in-Office of the Organization for Security and Cooperation in Europe (OSCE), to seek to halt the fighting.

On August 14, Secretary Rice flew to France to consult with President Sarkozy, and then flew to Georgia to seek—and successfully obtain—President Saakashvili's signature on a cease-fire agreement. President Sarkozy had negotiated a six-point agreement which included the following:

1. No resort to force.
2. A definitive halt to hostilities.
3. Provision of free access for humanitarian assistance.
4. Georgian military forces must withdraw to the places they are usually stationed.
5. Russian forces must withdraw to their positions prior to the outbreak of hostilities. While awaiting an international mechanism, Russian peacekeeping forces will implement additional security measures.
6. Opening of international discussions on security and stability modalities in Abkhazia and South Ossetia.

The U.S. role in this process was central and timely. The Georgians had questions about the cease-fire agreement, so we worked with the French who issued a clarifying letter addressing some of Georgia's concerns. Secretary Rice conveyed the draft cease-fire agreement and the letter to President Saakashvili the next day. Based on these assurances, some additional assurances from the French, and the assurances of our support, President Saakashvili signed the cease-fire agreement on August 15.

The Ceasefire Accord provides for the withdrawal of Russian forces from Georgia to their positions before the hostilities began, and allows for peacekeepers in South Ossetia, limited to the numbers allowed under previous agreements, to conduct patrols a few kilometers from the conflict zone in South Ossetia, not including any cities and not in ways that impede freedom of movement. The Ceasefire Accord does not establish a buffer zone; it does not explicitly grant the Russians the right to set up checkpoints around Georgia's ports or along Georgia's main highways and other transportation links; and it does not explicitly grant the Russians the right to have any forces whatsoever in places such as Poti, 200 kilometers from South Ossetia.

This agreement was signed—and should have been honored immediately—by Russian President Medvedev, who had promised to French President Sarkozy Russia's immediate withdrawal upon President Saakashvili's signature of the cease-fire. Yet Russia has still not lived up to the requirements of the cease-fire agreement. In these circumstances, with Russia's having failed to honor the terms of the cease-fire agreement and its promise to withdraw its forces, Secretary Rice flew to Brussels for an emergency NATO meeting on August 19 and, with our allies, produced a statement in support of Georgia's territorial integrity and sovereignty—a statement that was stronger than anyone thought possible.

Russia recognized the independence of Abkhazia and South Ossetia on August 26. It did so despite numerous United Nations Security Council resolutions that Russia approved and that explicitly affirmed Georgia's territorial integrity, and that the underlying separatist conflicts must be resolved peacefully, through international negotiations. This irresponsible action was condemned by the EU, NATO's Secretary General, and key Allies.

Following the EU summit on September 1, President Sarkozy traveled to Moscow on September 8 to again seek Russia's compliance with the cease-fire.

This has been a fast-moving situation, but that is where we find ourselves today.

OUR STRATEGIC RESPONSE

In the face of this Russian assault on Georgia, the United States is pursuing three key objectives.

First, we must support Georgia. We seek to stabilize the situation on the ground; help the country recover and thrive economically; preserve Georgia's sovereignty; maintain our support for its territorial integrity, and democracy. We are active, working with our European allies, in putting pressure on Russia to adhere to the cease-fire. Russia must withdraw its military forces from Georgia, back to the lines of August 7; Russia is allowed limited patrolling rights by its recognized peacekeepers in the immediate vicinity of South Ossetia only until such time as an international mechanism is developed to take their place. So we are working fast with the EU and the OSCE to put in place just such a mechanism. We are also preparing

to launch international discussions on South Ossetia and Abkhazia, again working closely with our European partners.

We have already taken immediate steps to address Georgia's humanitarian needs. The United States has provided more than $38 million worth of humanitarian aid and emergency relief, including food, shelter, and medical supplies, to assist the people of Georgia. U.S. aircraft made a total of 62 relief flights to Georgia from August 13 through September 4, and on August 24 and 27, 115 tons of emergency relief commodities arrived in Batumi on the USS *McFaul* and the USCGC *Dallas*. In addition, a third ship, the USS *Mount Whitney* anchored in Poti on September 5, unloaded an additional 17 tons of emergency relief commodities that was delivered by USAID nongovernmental organization partners. On September 3, the Office of the U.N. High Commissioner for Refugees (UNHCR) reported that 90,500 individuals have returned to places of origin, following the August conflict. However, UNHCR staff note that the number of returnees may be significantly higher due to the passage of time, as well as the difficulty of accurate, in-field returnee counts. According to UNHCR, approximately 30,000 individuals may be displaced in the long term. We have been working with the Government of Georgia and seven relief organizations to ensure that our assistance gets to internally displaced people and other conflict-affected populations.

On September 3, Secretary Rice announced a major effort to help meet Georgia's pressing humanitarian needs, repair infrastructure damaged by Russia's invasion, sustain commercial confidence, and restore economic growth. Five hundred and seventy million dollars, the first phase of a $1 billion United States economic support package, will be made available by the end of 2008 and will include emergency budget support to the Georgian Government. We will be working extensively with Congress in the days to come to fine tune how the assistance will be delivered. We are hopeful that there will be strong bipartisan backing for a second phase of support, an additional $430 million of support and other urgently needed reconstruction and humanitarian assistance to be provided in future budgets.

Georgia, like any sovereign country, should have the ability to defend itself and to deter renewed aggression. The Department of Defense has sent an assessment team to Tbilisi to help us begin to consider carefully Georgia's legitimate needs and, working with our allies, develop our response. For several years, the United States has played a significant role in preparing Georgian forces to conduct counter-terrorism missions, first as part of an effort to help Georgia rid its Pankisi Gorge of Chechen and other extremists and then as part of multinational coalition efforts. NATO's North Atlantic Council decided on August 19 to develop a NATO-Georgia Commission aimed at supporting Georgia's relations with NATO. NATO has also decided to help Georgia assess the damage, including to the Georgian Armed Forces, and to help restore critical services necessary for normal public life and economic activity. NATO has already sent an advisory support team to Georgia and its Special Representative for the Caucasus and Central Asia. The North Atlantic Council Permanent Representatives plan to visit Georgia in the near future. Finland's Foreign Minister Alexander Stubb, the OSCE Chairman-in-Office, showed strong and effective leadership in working with French Foreign Minister Kouchner to lay the diplomatic foundation for the cease-fire agreement and activate the OSCE's crisis response mechanisms.

Our second key objective is to work together with our friends in the region to support their independence, sovereignty, and territorial integrity, as well as their European and transatlantic aspirations, and overall stability in the region. Since 1989, the United States—under the leadership of Presidents George H.W. Bush, President Clinton, and President George W. Bush—has supported the right of every country emerging from communism to chose the path of its own development, and to choose the institutions—such as NATO and the European Union—that it wants to associate with and join. Each country must show itself ready to meet the standards of the institutions it seeks to join. That is its responsibility, and Georgia and Ukraine should be treated no differently than other European countries seeking to join European and transatlantic institutions.

Concurrently the United States is committed to redoubling efforts to ease tensions and resolve conflicts throughout the region. Recently, the leaders of Turkey and Armenia took an important step toward reducing their long-standing tensions. We applaud the initiative of Armenian President Sargsyan to invite his Turkish counterpart to Yerevan, and President Gul's willingness to accept the invitation. Their meeting creates a new atmosphere in the relationship, and gives hope that a long-overdue thaw has begun. The normalization of relations between Turkey and Armenia could also help open up trade and transportation routes for the entire South Caucasus.

Closely connected is resolution of the Nagorno-Karabakh conflict. Its costs can still be counted in terms of refugees and displaced persons—nearly a million altogether—provinces denuded of populations, lost economic opportunities, and disrupted trade. The U.S. Government will do all it can to encourage the parties to show greater flexibility and creativity in their negotiations. We will do everything possible to promote a just and lasting settlement of the Nagorno-Karabakh conflict that proceeds from the principle of our support for Azerbaijan's territorial integrity, and ultimately incorporates other elements of international law and diplomatic practice.

The United States, working closely with our allies, will also look at ways to emphasize the importance of expanding the Southern Corridor for energy supply, bringing oil and gas from the Caspian region to Europe. The development of energy resources and competitively transporting them to market supports the sovereignty, independence, and economic development of the countries of the region. Diversification of sources of energy and their routes to market, alternative energy sources, and energy efficiency efforts, is critical to Europe as well.

IMPLICATIONS FOR RELATIONS WITH RUSSIA

Finally, our strategic response must include the longer term consequences of the invasion of Georgia for our relationship with Russia. Since 1991, three U.S. administrations have based policy toward Russia on the assumption that Russia sought to become a nation integrated with the international system and its institutions. Since 1991 Russia has asserted its own interest in becoming a part of the world and a part of international institutions. And Russia has made progress in this regard, with American and European support. But with its invasion of Georgia, its continuing refusal to implement the cease-fire it has signed, and its claim to a "region of privileged interests," Russia has put these assumptions and aspirations at risk.

Russia and the Russian people are paying a considerable price for their country's disproportionate military action. Today's Russia is an emergent economic power and a net exporter; its interdependency, which connects it with the rest of the world in very different ways than in the past has fueled the country's newfound prosperity over the past 8 years. This same interdependency has raised the costs of military intervention in Georgia. While much is made of Europe's energy dependence on Russia, the wider truth is that Russia needs Europe too, as the market for 75 percent of its gas exports and a critical bridge to a better economic future. Since August 7, investor confidence has plummeted. At least in part because of the Georgia crisis, Russian financial markets have lost nearly a third of their value, with losses in market capitalization of hundreds of billions of dollars. Serious capital outflows have taken place; the Russian Finance Minister admitted that $7 billion left the country on August 8; private estimates range as high as $20 billion for capital flight over the past 6 weeks. The ruble has depreciated nearly 10 percent since August 7 and the Russian Central Bank has spent billions of its reserves to try to halt the slide.

The opportunity costs for Russia are even greater, the most important of which may be the country's ambitious plans to diversify the economy and rebuild infrastructure. At a moment of crucial economic choices, at a moment when Russia can innovate, diversify, and develop to the full its greatest resource—its enormously talented people—it is in danger of missing a historic chance and stagnating amidst mounting corruption, cronyism, and demographic ills.

A great deal is at stake. Russia's actions in Georgia, particularly its reckless decisions to invade Georgia and recognize South Ossetia and Abkhazia, are deplorable. Russia's behavior raises serious questions about the future of our relations with a resurgent, nuclear-armed energy-rich Great Power, which has much potential but more than its share of troubles and complexes—and whom we do not have the luxury of ignoring.

It is important to reinforce for Russia the consequences of its actions in Georgia as a means of ensuring compliance with its commitments to President Sarkozy. We have made clear that there will be no "business as usual" with Russia while those commitments remain unfulfilled. For our part, the administration has withdrawn the 123 agreement on civil nuclear cooperation with Russia, and suspended U.S.-Russian bilateral military programs. We continue to review other options.

It is essential to continue to make common cause with our European allies. Our cohesiveness and collective determination is the key to affecting Russia's calculus. American actions have far more impact as part of a chorus than as a solo performance, and unity among European countries is also crucial. We have worked closely with President Sarkozy and the EU leadership in recent weeks. We will continue to do so, as standing together, we press Russia to fulfill all its commitments under the August 12 and September 8 agreements.

Russia's diplomatic isolation was vividly exposed at the recent Shanghai Cooperation Organization summit, when not one of its partners joined it in recognizing Abkhazia and South Ossetia. Nicaragua's solitary support for recognition of those two breakaway regions is hardly a diplomatic triumph. In a rare step, the G–7 Foreign Ministers also issued a statement sharply criticizing the behavior of remaining member of the G–8.

Our long-term strategy toward Russia needs to be based on a sober assessment of our own interests and priorities, and of what's driving Russia today. Flush with petro-dollars and reborn pride, the Russia we see before us is a muddle of conflicting impulses—of angry chauvinism and accumulated grievances, alongside some very 21st century connections to the global market and new attachments to a world in which foreign travel and private property are what animate much of the next generation and the emerging middle class.

On one hand, some Russian strategists clearly see opportunities in American difficulties, and see taking us down a notch as the best way to assert their own prerogatives and expand their role. Another aspect of that inclination was on full and ugly display in the Georgia crisis, the very 19th century notion that intimidating small neighbors is what makes Great Powers great. Those impulses are fed by the increasingly authoritarian bent in Russian politics over recent years. They are beguiling and cathartic for a country that a decade ago was about as far down on its luck as a Great Power can go—but they are not the same thing as a positive agenda for realizing Russia's potential in the decades ahead.

On the other hand, there is the Russia about which President Medvedev spoke eloquently during his election campaign, a Russia that aspires to become a modern, rules-based, 21st century Great Power with a diversified, integrated economy and a political system that gradually opens itself to the rule of law. That vision of Russia has hardly been on display in recent weeks—indeed it has very nearly receded from view—but the realities of Russia's circumstances may yet force it back to the surface.

It's hard to predict which set of impulses will prove strongest in the years ahead, or whether the costs and consequences already evident in the Georgia crisis will sink in. The truth is we are likely to have a relationship with Russia for some time to come which mixes competition and political conflict with cooperation.

On some critically important issues, like combating nuclear terrorism and nonproliferation, we have a hard-headed interest in working with Russia, as we will be doing when my Russian counterpart joins the rest of our P5+1 colleagues in another round of discussions on Iran the day after tomorrow in Washington. Nowhere is our cooperation and our leadership more important than in the whole complex of nuclear challenges—from setting a good example for the rest of the work in managing and reducing our own nuclear arsenals, to ensuring the safety and security of nuclear materials, on the basis of the visionary programs which members of this committee have done so much to promote. On other issues, like Georgia, we and our partners will need to push back hard and systematically against Russian behavior.

Dealing with Russia in the years ahead will require equal part firmness, steadiness, and patience. It will require us to put sustained effort into a common strategy with our European partners. It will require us to keep a clear sense of priorities. It will require us to keep the door open to long-term, mutually respectful partnership with Russia—if Russia chooses to make that possible, and if it chooses to become a responsible stake holder in the international system—but to defend our interests resolutely. It will require us to keep a sense of strategic confidence and initiative, as well as a sense of the internal weaknesses and growing interdependence with which Russian leaders must ultimately contend. And it will require us to continue to focus energy and attention on a relationship with Russia that may often prove frustrating, and sometimes even dangerous, but that matters enormously not only to our interests, but to the future of global order.

Thank you, and I look forward to taking your questions.

Senator DODD. That was an excellent, excellent statement, Mr. Ambassador, and we thank you for it.

I'd like to recognize the Ambassador from Georgia, who's with us in the audience here. We thank you, Mr. Ambassador, for being with us this morning.

We have a good participation by members, and so, I'm going to put the 7-minute clock on. I'm not going to bang any gavels around, but just so we can kind of keep it in that order, we'll give everyone a chance and maybe we can get several rounds.

Let me, if I can, pose two or three questions to you, and then—rather than go through—ad seriatim, here. The first is—Russia claimed, as we all know, it intervened to protect "their citizens in South Ossetia." The citizens they alluded to live within the borders of another country, and yet were given citizenship, it almost seems, on a whim by the Kremlin. And given the presence of large ethnic Russian minorities in the Ukraine, in Kazakhstan, and the Baltics, to what extent are you concerned that this incident in Georgia would imply that these countries are now at some risk?

Second, Russia has argued that Georgia lies within their country's sphere of influence, and what is our position to that claim? To your knowledge, have Russian officials outlined what, precisely, it means to be a country within their sphere of influence or sphere of interest? And where that sphere of influence ends is the second question I have for you.

Third, I'd like to know what concrete steps, beyond the ones you've talked about here, that the United States and our allies should consider taking in the coming days.

And last—and you and I talked about this privately, and I spoke with Senator Biden yesterday about it as well, is the level of assistance we're talking about. Obviously, there are a lot of pressures, fiscally, and I'm concerned about paying Peter from Paul's account, by moving money around. There are a lot of issues in the region. To what extent are you giving any thought to how we do this in a way that does not jeopardize other important relationships that depend upon our financial assistance?

So, those are the three or four questions I have, and if you'd address them, I'd appreciate it.

Secretary BURNS. Yes, sir, Mr. Chairman.

First, with regard to the assistance question you raised last, as I mentioned in my opening statement, what we're seeking is $570 million in assistance, mostly focused on humanitarian assistance and immediate reconstruction needs, before the end of the calendar 2008. And you make a very important point about the importance of keeping our priorities in view and not robbing Peter to pay Paul. And we've tried to take that into account as we've looked through the various moneys that we've put together. Some of it, about $250 million, would come in direct budget support, which, again, as Senator Lugar mentioned, is—meets a very immediate need of the Georgian Government. Some of it comes through the OPIC program, for which we need authorization from the Congress. Some of it comes from the Millennium Challenge Corporation.

So, we've tried to put together a mix that will help provide an immediate boost, an immediate signal of confidence in Georgia's economic recovery. Because, just as you said, Mr. Chairman, Georgia had made quite significant strides in recent years by making some smart economic choices and attracting foreign investment and making Georgia an attractive place to invest. We're working carefully with the Europeans, as well, who, earlier this week, approved about $700 million in assistance over a period of 3 years, and with the IMF, which has approved a $700 million standby loan—again, as a way of sending a strong signal of support.

So, we look forward very much to working with the committee as we sort through the numbers. We'll be very mindful of the need

to keep our priorities in view, but we're also mindful of the importance of sending a strong signal of support for Georgia right now.

Senator DODD. Well, I agree with that. We all do. It's just a question of how we're doing this. You've outlined it well.

Secretary BURNS. Yes, sir.

On the question you raised about spheres of influence, again, as I said in my opening remarks, it's obvious that Russia has vital interests in its own neighborhood, that it has a lot of influence to bring to play. But, that does not entitle it to, what President Medvedev has termed, a region of privileged interest, and it doesn't entitle it to a veto over the sovereign choices of its neighbors.

The best guarantee for—whether it's Russians or any other ethnic or national minorities in neighboring countries—has to do with stability, the security, the prosperity, the well-being of those states, and the ways in which they take care of all their citizens, including minorities, whether that's in the Ukraine or Kazakhstan or anyplace else. And so, I think it underscores the importance of helping to strengthen those societies, which is something that, as you know, we've been committed to do, on a bipartisan basis, for many years. And I think that's the best answer to the concerns that are raised.

But, as I said, it's one thing to recognize the natural influence that Russia has to bring to play, and what its vital interests are. That is not the same thing as entitling anyone to a sphere of influence.

Senator DODD. The other issue I was interested in is what this may imply. Given the presence of large ethnic minorities in Kazakhstan and the Baltics, obviously in the Ukraine, to what extent are you concerned that the action in Georgia by Russia may portend some other similar actions in other countries arguing the same sphere-of-influence argument?

Secretary BURNS. Well, I think it's certainly something that we and others are concerned about, and need to be concerned about. As I said, I think the best prescription for dealing with that concern is doing everything we can to help demonstrate, over the long term to all of those countries, our support for their own development. And I think that's the best way to address that concern.

Senator DODD. Very good.

Senator Lugar.

Senator LUGAR. Mr. Secretary, you are in a unique situation, having just served as our Ambassador to Russia for 3 years before you assumed your new post. And so, I ask these question, really, with the thought in mind that you have as good a grasp of current Russian politics and leadership as anyone that I know. As you suggest, we must be thoughtful about a common cause about working, obviously, with our European allies. And my impression, at least, having just visited NATO and EU, is that there was remarkable concurrence; not that every country has the same view of Russia, but the ability to stay unified through each of the stages, support President Sarkozy, or others, was remarkable. Likewise, I noted a feeling, on the part of most of the countries, toward the United States that was much more comfortable. Some, because of the Iraq war, have felt very uncomfortable. This has changed some perceptions substantially. But, it also has led to a call by the Baltic states

for some definition of what does article 5 mean? Would somebody come to rescue us, in the event that there was a disruption of some sort? Or, as we noted, the Poles' rapid signature on the missile defense agreement. One motivating factor was surely that even if article 5 did not bring military assistance, there would be American troops manning the missile sites, and that this was a selling point to the Polish people. That's an argument that perhaps has not quite permeated our thinking here, but, nevertheless, was deeply felt by many in Poland.

Now, my question is—the Russians, obviously, have noted all of this. We had the "2 plus 2" talks, with the Secretary of State and Defense and their counterparts in Russia, that appeared to be constructive. There appeared to be some headway in thinking about the START treaty's renewal, which will need to occur sometime in 2009. On the Russian side, in fact—a request, really—their position was for more intrusive inspection than, apparently, we were prepared to do under the Moscow Treaty. When the Senate ratified the Moscow Treaty we were always told it would be buttressed by the START Treaty, but now there is a chance that START will not be there. So, this is very serious, in terms of cooperative threat reduction.

But, the Russians took that very seriously, as I understand, in the "2 plus 2." They also took somewhat seriously the problem of the missiles from Iran, but, even if not from Iran, from somewhere, with the thought, at least, of a discussion of Russians being, perhaps, at our missile sites in Poland and the Czech Republic.

That was just a short time ago. Now we are in this condition. And I just wanted you to reflect on how do we move diplomatically to a situation where we proceed with the START negotiations with more missile defense in a pan- European, pan-world situation in other areas where we can make some headway? Is it conceivable that, without criticizing the Russians, we say, "We have some agenda items here that we need to discuss"? Can you do that? At the same time, all the repercussions of Georgia are redounding around.

Finally, I just would throw this in, because I want the rest of the time for you to answer the question. Clearly, the Russian leadership was surprised by the economic repercussions, although Foreign Minister Lavrov has said, "You, in the United States, have created the problem. It's your subprime mortgages and the whole demise of your economy that's caused European stock markets to fall, including our own." On the other hand, clearly, the rush of capital out of Russia, the risk premiums, the ruble problems are substantial, yet President Putin has remained, apparently, very popular. The nationalistic idea of "Russia, we're back, we're rich," and so forth, having still permeated the atmosphere, how do we deal with the first agenda, the cooperative security, and at the same time work our way through the rocks and shoals of the economic crisis and the problems of President Putin and his popularity?

Secretary BURNS. Well, Senator Lugar, as you know as well as anyone, it's a complicated path, but, I think, to answer your question, it is conceivable that we can continue to work with Russia in a hardheaded way on some of the issues that you described, which are crucial, not only to our interests and Russia's interests, but to

the rest of the world, because the truth is, the United States and Russia have both unique capabilities and unique responsibilities in the nuclear field. And so, whether it's with regard to our own arsenals, the future of the START treaty, whether it's with regard to the creativity and will that we can bring to bear to deal with broader problems of missile defense, or whether it's with regard to the safeguarding of fissile materials and nuclear installations and facilities in Russia itself. All of those, it seems to me, remain coldbloodedly very much in both of our interests, and I think it is conceivable that we can continue to work together on those issues, while, at the same time, in a big and complicated relationship, making very clear the deep concern that, not only we, but our European partners, have about Russian behavior during the Georgia crisis and about the potential for other kinds of Russian behavior that's going to undermine our own interests.

On the question with regard to the economic consequences of this crisis and the popularity of Prime Minister Putin and the Russian leadership, it just seems to me that, over time, some of those consequences are going to sink in. There's no doubt, as you said, but that the sense of reborn pride and national assertiveness that has grown in the years in which Mr. Putin was president and now in the presidency of Medvedev, is something that is popular with a lot of Russians. But, what's also popular is a sense that standards of living are rising, a sense, which is very understandable, that it's a society which is beginning to make progress and integrate itself into, not just the global economy, but international institutions.

And I think what's becoming clear in this crisis is that there are some consequences for the kind of national assertiveness and overdoing of things which we've seen in the Georgia crisis. And how and when that's going to sink in, I'm honestly not certainly, but I do think it's going to have an impact as Russians try to calculate costs and benefits for their own future.

And I think, you know, as I said, many of those consequences and costs are self-inflicted, but there are ways in which I think we and our European partners and others in the international community can help shape those choices for Russians, over time, in terms of the actions that we take, as well.

Senator LUGAR. Thank you very much.

Senator DODD. Thank you very much, Senator.

We've been joined by Senator Webb and Senator Murkowski. Thank you both for coming.

Senator Casey.

Senator CASEY. Thank you very much.

Mr. Ambassador, we want to thank you for your service and your thoughtful statement today. In light of what I spoke of earlier with regard to consequences, I'm glad that in your statement you outlined some of them because sometimes that doesn't get a lot of attention.

On page 10 of your prepared statement, you cite at least two consequences that are currently in play here. One is the withdrawal of the 123 Agreement on Civil Nuclear Cooperation with Russia. That's one. Another consequence is the suspension of U.S.-Russian bilateral military programs. And then you say that the administration would review other options. I think that's important, that we

have that on the record. And, of course, support for the NATO membership and Membership Action Plan for Georgia, being another important priority.

And I wanted to focus on two areas. I'll get to the nuclear questions of which I spoke a moment ago, but the first area that I wanted to ask you about was the Conventional Forces in Europe Treaty, the so-called CFE Treaty. I was—last year, offered a Senate resolution, which passed the Senate, condemning Russia's decision to suspend their compliance with the Conventional Forces in Europe Treaty. And, as you know from having Pennsylvania roots, we have over the years, used the expression "canary in the coal mines" as a way of predicting what might happen in the future. And I think, in many ways, the Russian decision to suspend their compliance with that treaty might have been that kind of "canary in the coal mines," a warning or a precursor of what we see, or what we have seen just in the last month or so.

But I wanted to ask you about the impact of the Russian military maneuvers in and around Georgia, on their compliance with the CFE Treaty, and then, second, anything you can tell us about talks with Russia about returning to compliance with that treaty.

Secretary BURNS. Well, Senator, we've—we have had conversations, as you know, with the Russians, periodically, about trying to find a way to return to compliance with the—and implementation of the CFE Treaty. They've been abeyance since the Georgia crisis, but it's something that we're prepared to consider, over time. The specific military measures that the Russians took, recognizing that they had suspended their compliance with the treaty, certainly go beyond the CFE limits which had existed before, and it seems to me that it's in all of our interests to try to restore, you know, some of the rules and some of the architecture which helped preserve stability and security in Europe for many years. We've made clear our willingness, through the adapted CFE Treaty, to adjust to new realities, but it's going to be important for the Russians also to recognize their stake in a set of rules that protect not only wider European interests, but their own, as well.

Senator CASEY. And just for purposes of explanation, if you're an American watching a hearing like this, and you hear this reference to this treaty, and you hear about the significance of it, what does it mean to our security, our national security, to make sure that the Russians are in compliance with this kind of a treaty?

Secretary BURNS. Well, I think what the CFE Treaty does, as, you know, many other parts of European security architecture have done, is provide a degree of transparency and predictability to how you move conventional forces around in Europe. When you remove that degree of transparency and predictability, it causes a lot of uncertainty and, potentially, instability in the region. And so, that's why we've believed that that framework is very important, and that's why, at least for our part, we're committed to trying to find a way back toward the adopted CFE Treaty. But, as I said, it takes a Russian recognition of the importance of that, as well.

Senator CASEY. And I wanted to move, finally, to the issue I spoke of earlier, which is the nuclear threat that's—hangs over the world and, I think, arguably, most people would assert, and I know our ranking member has done work on this over a career—Senator

Lugar and I and others have tried to really focus on this to make sure that we're doing everything possible to catalogue fissile material around the world, a lot of it which is in the old Soviet Union. And I think it was important in your statement that you said a couple of things about this issue and about the imperative, the hardheaded imperative of working—continuing to work with the Russian Federation on this. You say, and I quote—I'm quoting from page 11—"Setting a good example for the rest of the world in managing and reducing our own nuclear arsenals," number one, and, number two, "ensuring the safety and security of nuclear materials," and you go on from there.

Tell me—and you made reference to the threat that Iran poses—just a story in the paper yesterday about Iran's capacity—its own capacity—that has been pointed to recently with regard to enrichment. And I want you to speak—and I know we only have a little more than a minute—but just speak to that imperative that you have, in the next couple of weeks and months, dealing not just with the question of Iran, but, more generally, the threat of nuclear terrorism as it pertains to our relationship with Russia.

Secretary BURNS. Well, Senator Casey, with regard to nuclear terrorism, the United States and Russia launched, a little more than a year ago, I think, a very important initiative, the Initiative to Combat Nuclear Terrorism, which now has about 70 countries which have signed up, and which deals with what is a very serious and growing threat around the world. And, again, as I mentioned before, an area where the United States and Russia really do have both unique capabilities and unique responsibilities. And we aim to continue to support and strengthen that initiative.

With regard to Iran, as I mentioned, we continue to work with the Russians, the Chinese, the key EU players—the British, the French, and the Germans—in an effort, along two tracks, to make clear, first to the Iranians, what's possible if they agree to suspend their enrichment programs, but, at the same time, the consequences of their failure to do that.

As you mentioned, the IAEA, the International Atomic Energy Agency, issued another report, a couple of days ago, which reinforced its own serious concern about Iran's failure to live up to its obligations to the IAEA, and that underscores the importance of the six of us and the rest of the international community working as hard as we can along both of those tracks, but particularly now, after a number of months in which the Iranians have failed to respond to the latest Security Council resolution, as well as to the very generous package of incentives that we all put on the table, the importance of demonstrating consequences for their inaction. And that's an area where we hope and believe we can continue to work with Russia and our other partners.

Senator CASEY. Thank you very much.

Senator DODD. Thank you very much, Senator.

Senator Hagel.

Senator HAGEL. Mr. Chairman, thank you.

Secretary Burns, thank you for your good work.

I want to talk a little bit about an area that Senator Lugar explored with you, and that is the larger context of our relationship with Russia. It has been noted here this morning, partly in your

very complete statement, which I read, in addition to your comments and your testimony, as well as my colleagues' line of questioning, that we have many common interests with Russia, and those common interests will continue—what the Senator from Pennsylvania was talking about: Proliferation, nonproliferation efforts, energy, Iran, the Middle East, Iraq. We are living in a world where these common interests are now woven into the same fabric. And the reality of what took place in Georgia, as you have noted and we all are aware, complicates that relationship.

And my question is—recognizing that this administration has but 4 months left in office, and that is a factor, which I recognize, but, more to the point, so to the Russians and the Georgians and our European allies, that we are going to have a new President, we are going to have a new administration, we are going to have a new Congress—but, that stated, what initiatives are we taking to find some new higher ground to develop new venues, new opportunities, new formats to reconstruct a relationship with Russia?

You mentioned the "2 plus 2" talks, as Senator Lugar did. For example, are President Bush and President Medvedev talking on any kind of a regular basis? Are Secretary Rice and Minister Lavrov talking on any kind of a regular basis? You talk about our common interests, as well, with our European allies and our European partners, and we are working with them, and working through NATO, and the various forms that we have with the Europeans on these issues, but what are we doing with Russia? It seems to me that's a pretty essential part of wherever we go. We do know—and I think, with Senator Nelson's comments at the opening of this hearing, there's just but one reflection on this reality, that we're going to have to find some new common ground and new high ground to deal with Russia, which includes Georgia, which includes Central Asia, and their interests, as perceived by them—not just perceived by us, but their optics. And we're going to have to reverse the optics, to some extent; at the same, time, defend and recognize and honor the interests of any sovereign nation, which Georgia is.

But, there's going to have to be a very delicate balance struck here that we work our way through this, as you know so well, and as Senator Lugar has noted—you probably understand it as well as anybody in the government today.

So, if you could take that as a reference, and not a particularly succinct question, but I'm interested, really, in—Are we doing anything, taking any new initiatives with Russia, to find some higher ground here to get us into the new few years?

Secretary BURNS. Well, thank you, Senator. We certainly do. And I mentioned a couple of the initiatives that had been underway and, I think, continue to have potential, notwithstanding the Georgia crisis, whether it's the Global Initiative to Combat Nuclear Terrorism, the "2 plus 2" talks, and the efforts that we've made to try to find, and build on, common ground, especially in the nuclear field, the efforts that we've made to talk about potential cooperative approaches in areas like missile defense. I think those all remain very important areas of potential cooperation, alongside the Cooperative Threat Reduction Programs that Senator Lugar had highlighted before.

The reality is, as I mentioned, that our relationship with Russia for some time to come is likely to be a mix, and sometimes an uneasy mix of competition, and sometimes political conflict alongside cooperation. And I think it's going to be difficult to navigate that path with the Russians in the years ahead, because Russia's a society that's gone through its own very complicated transitions, and I described some of the impulses and tensions that are at play, I think, in Russia today. But, we don't have the luxury of ignoring Russia or that relationship, and so, we're going to have to be very hardheaded in how we engage both in working with our European partners to push back, hard and systematically, in instances like the Georgia crisis; to try to ensure that we're doing everything we can to support our other friends in Russia's own neighborhood to avoid such crises in the future; to try to be creative in helping to solve some of the so-called frozen conflicts, like Nagorno-Karabakh, which I think had within them the seeds of future problems in the region; to do everything we can to encourage diversification of energy supplies and energy security, to enhance energy security throughout the region—again, working with our European partners and our friends throughout Eurasia.

Senator HAGEL. In all due respect, Mr. Secretary, I understand all that, and you've covered that ground, but let me go back to my question. Are we doing anything new, anything fresh, taking the reality that we have before us, as has been noticed this morning, the disproportionate response from Russia in Georgia? And what's happened since then? Have we done anything new? Has the President talked to President Medvedev very often? Is there anything new? I know what you've just noted, here, and what's been on the books and on track, but are we thinking in any different way? Because just as Senator Lugar said, just one element of NATO membership, article 5—does America understand—do all peoples of the nations that are members of NATO understand what article 5 means? We seem to kind of dance around these issues. Our Defense Department has been, as you noticed in—noted in your testimony, been in Georgia, examining, exploring, coming back with some assessment of what Georgia's military needs are going to be. Have we made a decision there? Have we factored that into any regional component of this? But, also, to the point, what are we doing new, if anything, with Russia—the United States?

Secretary BURNS. Well, Secretary Rice has spoken with Foreign Minister Lavrov this week, and we remain engaged with the Russians. And we need to, as I said, in a very hardheaded way, to push as hard as we can with our European partners to get them to comply with the commitments they've made to President Sarkozy with regard to the Georgia crisis; also, to engage with them in a very hardheaded way about some of the regional issues that you just described; and also, to continue to look for ways in which we can work together in our mutual interests on some of the other issues that we've discussed, especially in the nuclear area.

So, it seems to me there's no good alternative to that kind of very tough-minded engagement with the Russians. There's too much at stake, not just in our own relationship, but the more—wider international interests.

And so, as I said, the Secretary remains very much engaged with her Russian counterpart. There haven't been any recent conversations, that I'm aware of, between the President and President Medvedev. But, we need—we need to work hard at this relationship. And the Russians themselves need to look at their own self-interest, not only in their relationship with us, but in what they have at stake in this crisis and in their behavior beyond it.

Senator HAGEL. The President has not spoken with President Medvedev since the Russian incursion into Georgia?

Secretary BURNS. I'm not aware of any recent conversation, Senator, but Secretary Rice has certainly spoken to Minister Lavrov since then.

Senator HAGEL. Thank you.

Senator DODD. Senator Feingold.

Senator FEINGOLD. Thank you, Mr. Chairman.

Under Secretary Burns, President Bush announced, on August 13, that the U.S. military would lead the U.S. Government's humanitarian response in Georgia, but, the next day, Secretary Gates appeared to contradict the President, stating that the overall response was under the direction of the State Department. But then, on August 15, Secretary Rice reaffirmed the Department of Defense's lead. In the few weeks that followed, reports variously stated that State, Defense, or USAID were in charge. And on September 3, President Bush again referred to the military as the leading—as leading the humanitarian response.

Mr. Burns, it seems to me there is a real lack of clarity as to which agency is leading and coordinating the humanitarian response in Georgia. Could you please set the record straight and tell us which U.S. agency is responsible for coordinating the humanitarian response in Georgia?

Secretary BURNS. Well, sir, I mean, it won't surprise you, but the answer is that AID, the Agency for International Development, and the Defense Department have worked very closely together on this issue. And, you know, each brings particular assets to the task. What the U.S. military has done is rapidly facilitate the movement of humanitarian supplies, which are sorely needed by the Georgian people and the Georgian Government. And so, you had U.S. naval vessels bringing in humanitarian supplies over recent weeks, which is a natural way to take advantage of that asset.

At the same time, on the same day that General Craddock, of SACEUR, visited Georgia, he was accompanied by Henrietta Fore, the head of the Agency for International Development, which I think helped demonstrate the role that both the civilian and the military side can play, and must play in this instance.

AID has been very active on the ground in working with Georgia. We had a large economic team, an interagency team, working with our Georgian counterparts to try and assess both humanitarian and reconstruction needs. So, it really was an interagency effort in which we've all worked together.

Senator FEINGOLD. So, you're saying there is no lead agency.

Secretary BURNS. No, sir. In the—it's a combined effort. It really is. And the Defense Department, in the early stages, took the lead in moving humanitarian supplies to Georgia, which was a natural step to take; they had the means to do it. It's the same kind of

thing we do in other crisis situations around the world. But, over time, what we've seen is the State Department taking the lead, under Under Secretary Reuben Jeffrey, and trying to work with the Georgians to develop a longer term plan for reconstruction. So, there are a number of different agencies that have had a role——

Senator FEINGOLD. Is there a plan in place to transition this from the military to State and USAID?

Secretary BURNS. Yes, sir. And that plan, as I said, has been very much a part of what Reuben Jeffrey did when he visited Georgia and put together a reconstruction plan, which is reflected in the assistance package, which we're—you know, which we have proposed and want to work with the Congress on.

Senator FEINGOLD. Well, is the military still undertaking humanitarian initiatives? And, if so, will this continue as Russians troops draw down and stability, I hope, is restored?

Secretary BURNS. The military's role has been to move humanitarian supplies. That's still ongoing. But, I think we're beginning to move from a phase of provision of humanitarian supplies toward a longer term reconstruction——

Senator FEINGOLD. Are they doing any other humanitarian efforts, the military?

Secretary BURNS. Some on the ground, in terms of distribution of supplies, but it's mostly in getting the supplies to Georgia, where the Georgian Government, NGOs, and others have worked to make sure they get to the people who need them, refugees and others.

Senator FEINGOLD. Situated in a difficult neighborhood, Georgia is obviously an important ally for the United States. And in the aftermath of the 2003 Rose Revolution, the administration has been a vocal supporter of President Saakashvili. Some experts, however, suggest that the United States support has been too focused on the President himself, whose commitment to democracy has been questioned, rather than on Georgia's democratic institutions and building the rule of law, which does seem fragile.

Just last week, Assistant Secretary of State Daniel Fried testified that, quote, "Georgian democratic institutions remain weak, and much work needs to be done to deepen democratic practices." Could you give me, sir, an assessment of U.S. support for democratization efforts in Georgia and whether the promised $1 billion will actually include programming for this purpose?

Secretary BURNS. Yes, sir, it will. And, as I mentioned in my opening statement, in the second tranche of that assistance, we have very much in mind to propose to the Congress and work with you to provide new resources in areas like civil society, rule of law, independent media, because it is true that Georgia needs to make improvements in those areas, to build democratic institutions. They've faced problems in the past, including at the end of last year, that need to be addressed. And it's very much a part of our long-term support for——

Senator FEINGOLD. What kind of dollars are we talking about, in terms of that piece?

Secretary BURNS. Well, in the second tranche of assistance, we're talking about a total of $430 million.

Senator FEINGOLD. In Assistant Secretary Fried's House testimony last week, he was asked whether he agreed that comments

made by Russian Foreign Minister Sergei Lavrov regarding the United States having to, quote, "choose between a virtual project or a real partnership," could be interpreted to mean that cooperation from Russia with regard to Iran and nuclear weapons is dependent on abandoning support for Georgia. And I know Senator Casey was getting into this a bit. Secretary Fried seemingly concurred, when he answered that the choice is, quote, "between cooperation with Russia and support for Georgia," unquote. And he acknowledged that Russia has been more a partner than not in cooperating on efforts to deal with Iran's nuclear weapons program.

Do we have to choose between support for Georgia and working with Russia to prevent Iranian nuclear weapons programs? And, if so, which is more important to our national interests?

Secretary BURNS. No; I don't think we need to choose. I think Russian policy on issues like Iran is not driven by sentiment, it's driven by their own self-interest. I think the Russian regime understands that a nuclear-weaponed Iran is not in their interest, either. And I think they see a self-interest in working with us, and with others, to try to prevent that from happening.

At the same time—and I think this is true of a lot of complicated great-power relationships—we need to continue to make very clear our opposition to what the Russians have done in Georgia, to Russian behavior there. And, as I said, that's going to be characteristic of a relationship that's going to combine some areas of competition and political conflict with areas in which think we can, in a hard-headed way, cooperate.

Senator FEINGOLD. Thank you.

Thank you, Mr. Chairman.

Senator DODD. Thank you very much.

Senator Corker.

Senator CORKER. Thank you, Mr. Chairman. And thank you for your service. I think the ranking leader and yourself have chronicled well the events in Georgia.

And I want to welcome the Ambassador. I was in Georgia 3 weeks ago and had the opportunity to meet with your President, Saakashvili, at length, and separate meetings with your Prime Minister and Finance Minister, and go to Gori and see the bombing—unnecessary bombing of civilian residences, the razing of farms. And we thank you for being here.

I would—I want to ask a very specific question and then step back to some of the more broad questions.

The funding. I sat down at length with the Finance Minister and Prime Minister, talking about the type of assistance that they needed. And I think all of us understand how their GDP has grown rapidly; the standard of living of Georgians has risen as a result, and they want to make sure that people continue to invest there. They have a 22-percent foreign direct investment each year. And so, it's the economic side, I think, that they're most concerned about.

The Prime Minister had a very—he did as good as any government-relations person here in Washington, presenting his case, and focused on something called the Phoenix Fund, where, in essence, they wanted to make sure that—they wanted us to know that our money was going for direct infrastructure investment, not to their

budget, necessarily. I've noticed that our aid is crafted differently, differently than what they actually ask us to fund. He wanted to put our billion dollars, if we were able to give it, into a revolving fund that went for specific infrastructure investment, and having those who invested in that fund oversee it to ensure that that was what was occurring. I've noticed that you've asked for aid that would actually go directly to their budget. And I'm just curious, I mean, that's not what they asked for. I'm wondering, since that will be the most specific thing that we do in the near term, why we chose to aid them in this way. And I support aid to Georgia, but this is not actually what they asked for.

Secretary BURNS. Well, Senator, we've worked very closely with the Georgian Prime Minister and the Georgian Government to try to make sure that the assistance that we provide, with your support, goes in the areas that are going to serve their needs most, and including the Phoenix Fund. And so, to the best of my understanding, that's a large part of what we intend to do; in other words, to focus on those reconstruction projects which are going to be crucial to rebuilding the Georgian economy. So, I'd be glad to get back——

Senator CORKER. But, I've noticed $250 million of our aid was not going for that, it was going—it looked—it appears to me, based on what your testimony and others have been, is that it's going, actually, to their budget to help with—they were going to use their own resources for that, and we were going to ensure that our resources went to infrastructure, per the Phoenix Fund. You all are investing in a different way.

Secretary BURNS. Well, let me get you a more detailed answer on that, Senator, because I don't want to mislead you. But, I think, again, to the best of my knowledge, what we've tried to do is work very closely with the Georgian Prime Minister, especially, who, as you said, is a very impressive man, to make sure that the moneys not only we, but the Europeans and others are providing is—has gone in a direction which is going to help them recover quickly. So, let me follow up on that and——

Senator CORKER. If you could do that, and if you could explain how the other funding that's coming in is complementary to what we're doing—I know things around here happen quickly. The wind blows through and we do things that sometimes aren't that well thought out. If you could let us know exactly how all that is working together—more specifically, why we're not funding them in the way they've actually asked us to, that would be good to hear.

Secretary BURNS. Be glad to——

[The information requested was not available at the time this hearing was prepared for printing.]

Senator CORKER. And, again, thanks for your service.

It's interesting, Senator Hagel's line of questioning. And I certainly am very, very supportive of Georgia, and just, actually, was stunned by the way they've embraced democratic principles and free enterprise, many of which—many of them were educated here. On the other hand, you look at—I look at us and Mexico and Canada, for instance, I look at our active involvement in Georgia and Ukraine and other places. I look at—I was just in the Czech Re-

public not long ago, and our missile defense system potentially being partially there and in Poland. And, you know, an undercurrent of statements could be made that we, in essence, are kind of sticking a stick in the eye of the Russians. I think Senator Hagel's line of questioning was oriented toward, maybe, a lack of active involvement with Russians.

Just wondering, since you had been there, Ambassador, if you might help us a little bit with the psyche, from their perspective, as to what our actions have been in that area.

Secretary BURNS. Yes, sir.

Well, the Russians' leadership certainly hasn't been shy over the last year in expressing their concerns and their opposition in a number of areas, whether it's been Kosovo's independence, the missile defense plans in Poland and the Czech Republic, or the whole issue of NATO enlargement, or the next steps in NATO enlargement, to include Ukraine and Georgia. We've engaged, certainly during my time as ambassador in Russia, I think, in a very intensive way, to try to work through each of those issues and to accommodate Russian concerns, as best we could. But, the honest answer is, Russians have been—the Russian leadership has been deeply disturbed by a number of those steps, and that does create, notwithstanding our best efforts, the backdrop against which they shape some of their choices.

I think what it underscores for me is not that we necessarily need to accept their concerns, or indulge them; we need to understand them. And we——

Senator CORKER. Are we making—just from what it's worth, it doesn't appear that we're making much of an effort, if you will, quote, "to understand them."

Secretary BURNS. Well—I mean, I think—I mean, I can only speak to my own experience—certainly made a lot of effort to try and understand, at least, the kind of concerns that are developing, you know, in a society which, as I said before, has gone through a very rough period, especially in the 1990s, which, you know, are often seen outside Russia as a period of democratic rebirth, but we're—for a lot of Russians, it was a very tough period. Economic uncertainty, disorder of—you know, for many Russians, a sense of lost dignity and national humiliation. Now, as I said, you don't have to agree with that assessment. That's—but that's very much how a lot of Russians, anyway, have seen their predicament in the 1990s. And what you see today is a Russia, in some ways, floating on high energy prices, that finds a fair amount of satisfaction in asserting itself.

I think, given all the interests that we have at stake in our relationship with Russia, it is very important, in a tough-minded way, to stay engaged with them, to look for structures, whether it's the "2-plus-2" structure that we revived last year, economic structures that we've talked about in the past, where we're engaging with Russia on these issues, making very clear what our concerns are, but trying to see if we can't find common ground. We haven't found that in the Georgia crisis, and that's been a very disturbing episode. But, I don't think it means that we shouldn't make the effort to engage with Russia on these issues. And we have to hope that the Russian leadership is going to be prepared to make the same

kind of effort, and show, through its behavior in meeting its commitments following the Georgia crisis, that it's also committed to that kind of a more constructive relationship. I think it's very, very important for both of us to make the effort.

Senator CORKER. Mr. Chairman, since you're not a gavel-banger, and I didn't give an opening statement, I'd like to ask one more question.

Senator DODD. Go right ahead.

Senator CORKER. What kind of advice are you giving to Georgia as it relates to South Ossetia and Abkhazia? I mean, that's not going to go back in the box. OK? These areas, in the foreseeable future, are not going to be governed by the country of Georgia. It's just not going to occur, it doesn't appear to me. I don't think any rational person thinks that's going to occur. They want to join NATO. Part of the NATO requirements are, there are no boundary disputes within country. Pretty complex problem. What are you—what are you coaching them to do, and what are they talking about doing, to resolve that issue? Because it's not going to return in any normal fashion anytime soon.

Secretary BURNS. Well, Senator, I—the United States, like our European partners, is certainly going to continue to support Georgia's territorial integrity. The Russians committed themselves, in both the August 12 and September 8 agreements with the French, with President Sarkozy and the European Union, to an international discussion, an international process to try to sort through the security, stability, the future of those two breakaway regions. And that's something that we're going to continue to push the Russians to adhere to.

In the meantime, I think it's very important to everybody to understand that there's no way in which you're going to solve that problem, pursue that international process, by using force. The Georgians have made a commitment to non-use of force now, in terms of trying to deal with that issue. And the immediate challenge for Georgia, which we're fully committed to, is trying to rebuild its economy, to strengthen its sovereign, so that Georgia itself is, as it was becoming over the last few years, a very attractive place, a place whose economy is growing, that's attracting foreign direct investment, that's beginning, notwithstanding political difficulties at home and the weakness of democratic institutions, to apply the rule of law. And I think that's—that, it seems to me, is the best course for Georgia, with a lot of support from the rest of us.

And, again, to do everything we can to try to support that kind of an international process, which is called for in both the six-point agreement that was reached on August 12 and reinforced on September 8. Much easier said than done, I understand that, but that's the position I think we're going to continue to push.

Senator CORKER. Thank you.

Senator DODD. Thank you very much, Senator.

Senator Nelson—Senator Webb.

Senator WEBB. Thank you, Mr. Chairman.

And I appreciate, Senator Nelson, very much letting me go first. I have an 11:30 commitment that I can't move, so I'm going to talk fast.

First of all, Mr. Secretary, I can't think of anyone in government that I'd rather be listening to on this subject than you. I appreciate you being here.

Nine days ago, when the Armed Services Committee received testimony, I asked a question about a reprogramming that was taking place in the Department of Defense. I believe it was $30 million from existing DOD operation and maintenance funds that was going to go to the Georgia situation. And I would appreciate it if you would remind them of my request on that. This is, you know, a time-sensitive area, because of the other commitments that the military has around the world.

Secretary BURNS. Yes, sir, I will.

Senator WEBB. The question that I had, really, is from the other perspective. When we look at Europe, and that is NATO, we spend a good bit of time discussing the situation with respect to Russia, and Russia's intentions, and these sorts of things. And having spent a good bit of my life either writing about military alliances in our country, specifically NATO, and having spent 3 years when I was Assistant Secretary of Defense, before I became Secretary of the Navy, working extensively with NATO, one of the concerns that I have is, in this NATO enlargement process that followed the demise of the Soviet Union, we are at risk of changing the formula itself from something that was clearly an alliance to an area that in some cases could be called a system of protectorates, if you were looking at what we're doing in historic terms. And NATO itself, not to simplify, seems to be breaking into three different groups. We have the old NATO countries, many of which are renewing historic relationships in Central and Eastern Europe. Germany is a good example of that. We tend to look at the balance of trade with China, but Germany, right now, has the highest balance of trade in the world. I think it's $280 billion last year. So, they're moving in a historic direction, to international comity—the business side, particularly.

We have the new countries, which are very dependent, in security terms. And then, we have the United States, that is becoming the overarching security guarantor. And if you look at that with respect to the Georgia situation, one can only ask what the implications would have been if Georgia were part of the NATO Alliance right now. We've talked about the obligations under article 5, but we also have a system of government that I don't think we can call a mature political system right now. In your own testimony, you talked about some initiatives that we would have, in terms of helping them improve that. We have the question of how the United States really should be dealing with the situation of a clearly resurgent Russia.

What part of that should be made through these military guarantees? That's the point that we really need to understand, as a government and as a country, that when someone comes into NATO, we are giving a formal obligation to defend these countries. And then, the third piece of that is Russia itself. How does Russia view this? There were two questions with respect to that, before myself. And in what way do we really respond, as Russia does have this resurgence and figures out where the boundaries of that really are?

And, I thought, in a part of your testimony that related to the economic price that Russia has already paid, is a good indicator of other levers that are available than simply military guarantees. So, that's really the conundrum, at this point. What I'm trying to examine, further admissions into NATO, and how that will impact the way we deal, not only with Russia, but with our military obligations.

Secretary BURNS. Senator, very good and very difficult questions.

With regard to NATO's expansion and the transition that NATO is going through right now, I absolutely agree with you. Article 5 commitments, formal membership is not something to be taken lightly by any of us; and certainly in this administration, I'm sure in the next one, people don't take that lightly, and that's why there's such a protracted, methodical process that exists, because we're not talking, today, about membership, or immediate membership for Ukraine or for Georgia. What the United States has been talking about and supporting, as Senator Lugar said, is simply the next stage, the Membership Action Plan, which is designed to help countries who are interested in membership get ready for it, to see if they can meet the criteria for it. And you mentioned a number of the criteria that apply. And as, I think, NATO considers those very complicated decisions, and very consequential ones, too, in terms of the article 5 commitments that might one day come along with them, it's very important to stay engaged with the Russians, as well, because, you know, their influence, their behavior, is going to shape European security and stability in some very important ways in the future.

As I said before, that doesn't mean we have to indulge all of the concerns the Russians raise, but we do need to engage them in a serious way. We have a Russia-NATO Council, right now, which is the mechanism for doing that.

Senator WEBB. I would suggest, also, that this—it does not necessitate our lack of support for another country if we say that that country may not be ready for a formal obligation from the United States through NATO. That's really the question here. We continually hear the words "sphere of influence" when the administration comes over and testifies, but an enlarged NATO, particularly if there's not true alliance in these countries, in terms of their ability to increase our own security, is, in effect, a sphere of influence, as well, wouldn't you say?

Secretary BURNS. Well, certainly the Russians perceive—I mean, they've expressed a lot of anxiety, over the years, about NATO's expansion, and particularly with regard to the question of Ukraine, which is, I think, in many ways, the brightest red line of all for many in the Russian political elite.

Having said that, I also agree with you that there are a number of different ways in which you can support the stability, the security, the well-being of countries which deserve that support. That's why Ukraine recently had a summit meeting with EU leaders to talk about the possibility of membership in EU and ways in which you can tighten that relationship.

So, I absolutely agree with you, there are a lot of different ways, working bilaterally, working with the Europeans, looking at other

European institutions, in which we can both strengthen those ties and strengthen those countries.

Senator WEBB. Thank you.

And I appreciate Senator Nelson's patience.

Senator DODD. Thank you very much, Senator. Good questions.

Senator Murkowski.

Senator MURKOWSKI. Thank you, Mr. Chairman.

And thank you, Secretary. So appreciate your comments, your insight.

Senator Hagel was asking some interesting questions about possible new areas of engagement: Are there other areas where we can work collaboratively or more cooperatively with Russia? And I would just throw out to you what I believe is an opportunity for us, as an Arctic nation. We don't have a tendency to think of the United States as an Arctic nation, but you certainly know and recognize that. The administration is working on the rollout of a new Arctic policy that we are looking forward to reviewing. But, we also recognize that, up in the Arctic right now, there is so much that is new. Boundaries are ill-defined. We all know who our Arctic neighbors are, but, in terms of opportunities that present themselves, whether it's energy and resource exploration or working collaboratively and cooperatively on maritime issues, issues of commerce, environmental issues, we really don't have any baggage with our neighbors yet on this.

Now, there was a statement, just this morning, from Mr. Medvedev, who—you know, he's looking at the Arctic, and certainly we've seen some actions from them in the past that indicate that they want to secure their interests in the Arctic and recognize that strategic significance.

I do think that this is one area where we might be able to cement some more cooperative relationships, if we're proactive now. I can't miss this opportunity to remind people, that as we all learned from "Saturday Night Live," we, in Alaska, can view Russia from our house. So, we've got an interest here. We've got an opportunity to make something of this. We are an Arctic nation. And Russia is our Arctic neighbor up there. So, I throw that out to you for consideration.

I did want to ask just a very quick question about energy interests up there. I understand that, in some of the reports, Russia's aerial bombings in Georgia were specifically directed at the oil and gas pipelines that bypass Russia. Is that accurate? And can you verify the extent of the damage that was sustained by any of those pipelines?

Secretary BURNS. Yes, ma'am. First, let me say I agree with you on the Arctic. I think we do have some common interests, not just with the Russians, but with a number of other Arctic countries, and I think that's an area where we need, as you well know, to continue to work together on.

Second, with regard to pipelines in Georgia, I'm not aware of any concrete evidence of targeting of those pipelines or of actual damage done to the two main pipelines that pass through Georgia. It's certainly of enormous concern for all of us, because of the significance, as the Chairman mentioned earlier, of the transit routes

that go through Georgia. But, I'm not aware of any specific damage done to those pipelines——

Senator MURKOWSKI. OK.

Ambassador BURNS [continuing]. During the crisis.

Senator MURKOWSKI. Did we miss any signals here? And I know it's probably easy to be, kind of, the Monday-morning quarterback, or what have you. But, looking back, were there any warning signs that we missed that would have indicated that Russia was willing to take military action as a message to Western nations? Did we miss something here?

Secretary BURNS. I honestly don't think so. I mean, the situation—this is a situation, a crisis and a set of tensions that's been building for some time. I think we—we, the Europeans, and others, could see those tensions building. As I said, there were mistakes and miscalculations on all sides. We worked very hard, both with the Russians and with the Georgian Government, to urge restraint and to urge that the problems of Abkhazia and South Ossetia be resolved politically and diplomatically. The German Foreign Minister had made a very serious effort, in the 6 or 8 weeks before the crisis, to try to revive some of the diplomatic mechanisms. The Russians as—in one instance, as Senator Lugar mentioned, unfortunately had refused to take part in a meeting that the Germans had organized.

So, I think the warning signs were clear, and we all worked very hard to try to restrain the parties and to try to point them back in the direction of a diplomatic resolution. And it's deeply unfortunate that the crisis erupted in the way that it did. And it's deeply unfortunate, in particular, that the Russian Government behaved in the way that it did.

And our focus now, working with the Europeans, is not just on rebuilding Georgia, but it's trying to get the Russians to live up to the commitments that they've made in the August 12 and September 8 agreements.

So, I think you could see the tensions and the dangers building, not just over the week before the crisis, but really over recent months and over the past year. And we tried very hard to avoid what we saw take place.

Senator MURKOWSKI. How important is it at all—there have been statements made—the Deputy Assistant Secretary Matthew Bryza was quoted as saying, "Whoever shot whom first is now no longer an issue at all." There was a short article in the Post this morning about cell phone records, trying to pinpoint, you know, who started it. How important is it to determine that? And, I guess, a bigger question is, to what degree does the United States place any of the responsibility of the conflict on the Georgian leadership?

Secretary BURNS. Well, I think that, you know, the picture about what exactly happened in the 24–48 hours before full-scale conflict broke out is still not a very clear one, and it may never be entirely clear. And, you know, we'll continue to sift through the evidence that our Georgian friends have shared with us, that we've seen from others, as well.

And, I think, the other important thing to keep in mind, as I mentioned before, is that you can't really just look at the 2 or 3 days before the crisis, you have to look at the backdrop of provo-

cations and tensions which were building, steps that the Russian Government took in April, for example, to expand government-to-government relations with local governments in South Ossetia and Abkhazia, which were a direct infringement on Georgia's sovereignty. So, there's a whole catalog of problems that were building.

Of course it's important to try and sort through exactly what happened, and I think that's a process that's going to continue.

As I said before, to answer your last question, the truth is that there were mistakes and miscalculations on all sides. Despite our warnings, the Georgian Government decided to use force to reassert its sovereignty in South Ossetia. And we believe that was ill-advised. But, that in no way is a justification for what was an obviously disproportionate Russian response, which took Russian forces 200 kilometers into Georgia from where the conflict and crisis was occurring in South Ossetia. There's no justification, no excuse for that. And, to this day, Russia remains—Russian behavior remains inconsistent and in violation of some of the commitments that they had made to President Sarkozy.

Senator MURKOWSKI. Thank you. I appreciate it.

Thank you.

Senator DODD. Thank you very much, Senator.

Let me, if I may—and—excuse me, Senator Nelson. I apologize.

Senator BILL NELSON. In August, the U.S. and Poland signed an agreement with the Polish Government—it has not been ratified by the Parliament—to place 10 U.S. interceptor missiles, a two-stage version of the three-stage version of the national missile defense system—in Poland with the radar in the Czech Republic. My question is, the rapidity with which that was approved by the Polish executive branch, how much was that tied to the fact of a resurgent and aggressive Russia in the minds of the Poles?

Secretary BURNS. Senator, I think it clearly affected the conclusions that the Polish Government drew. Now, it does come against the backdrop of a long, drawn-out negotiation over this issue, so much of the ground had been covered on the particular agreement about missile defense and the 10 interceptors. But, I think it's clear that the Georgia crisis did have an impact on the that calculation, in the end.

Senator BILL NELSON. Now, given the fact that the placement of those missiles—still to be developed, because the two-stage version has not been developed—given the fact that they are there for the avowed purpose of—as a deterrent to a nuclear missile coming from Iran, having to do, nothing, with regard to the nuclear arsenal of Russia, why then was this fostered in such a fast track by the Poles, vis-à-vis Russia, when it has nothing to do with any deterrence on Russia?

Secretary BURNS. I can't speak for the Polish Government on exactly how their—you know, their calculus unfolded during that period. As I said, there had been a long negotiation between the two of us over this issue that had made a fair amount of progress up until that point, and there were only a few issues that remained to be sorted through. So, as I said, it does seem to me that the unfolding Georgia crisis did have "an impact"—I can't tell you how big an impact—on Polish calculations, but——

Senator BILL NELSON. Could it have been because Russia had objected, in the first place, to a national missile defense system in Eastern Europe, that the Poles saw this as an opportunity to say, "This is a red line for us. We're going to show our independence from you, Mr. Russia"?

Secretary BURNS. It could be, Senator. I honestly don't know. But, you know, certainly the Russians have made no secret of their concern about that particular program in Poland, as well as in the Czech Republic.

Senator BILL NELSON. Well, Mr. Secretary, you're the best and you're the brightest. How has the announcement by the Polish executive branch affected the relationship between the United States and Russia, since clearly Russia has said they don't want this system in Eastern Europe?

Secretary BURNS. Well, sir, the Russian leadership has contained its enthusiasm——

[Laughter.]

Ambassador BURNS [continuing]. For that program over the years, and particularly for that step. The Russian public statements have been quite outspoken and quite hostile about that step that we would take in the agreement with Poland, notwithstanding our best efforts to make clear that it represents no threat to Russia and that it's directed against a potential Iranian missile threat. But, no, they've been absolutely clear and unsubtle in expressing their concerns about this.

Senator BILL NELSON. As to the possible admission of Georgia into NATO, what is the position of Germany and France?

Secretary BURNS. Well, sir, I'd say two or three things.

First, all of us in the NATO Alliance agreed, at the Bucharest Summit, that not only should the road remain open for new members, including Georgia and Ukraine, but it was a pretty strong statement that, somewhere down the road, those countries are going to become members of NATO.

On the immediate question of a Membership Action Plan for Ukraine and Georgia, which we supported—the United States supported at the Bucharest Summit, and continues to support—there are reservations on the part of some other governments. And they can speak to them better than I can. But, certainly, Germany and France made clear at the Bucharest Summit that they were concerned about whether Georgia and Ukraine were ready to take that step.

I don't think that the—as I understand them, that the concerns expressed by Germany and France were a function so much of their concern about Russian reaction as they were a function of their genuine uncertainty about whether Ukraine and Georgia were ready to take that step yet. And that's an issue that we're going to continue to work through with our partners in NATO. And I can't predict exactly, you know, what's going to happen on that issue as we move toward the December foreign ministerial meeting of NATO.

Senator BILL NELSON. In the NATO Alliance, is it not true that, for any additional member, it has to have the unanimous consent of all NATO parties?

Secretary BURNS. Yes, sir; I believe that's the case.

Senator BILL NELSON. Therefore, if Germany and France object, Georgia doesn't come in.

Secretary BURNS. Well, certainly with regard—again, we're not talking about membership, at this stage. I think none of us believe that Georgia or Ukraine are ready, today, for membership. And what we've been discussing, a MAP program, is not an invitation, it's not a promise, even, of membership. But, you're absolutely right, that if there are differences within the Alliance over that issue, then it's going to take some more time to sort through it.

Senator BILL NELSON. Well, I've heard a little more strongly that Germany and France are objecting to this.

How do you work through the mental manipulations that we can bring in Kosovo, but—and over the objections of Russia—but Georgia can come over the objections of Russia? Tell me how you work through that parallel situation.

Secretary BURNS. Senator, do you mean in terms of Kosovo and South Ossetia and Abkhazia or——

Senator BILL NELSON. Independence. I'm sorry.

Secretary BURNS. Independence.

Senator BILL NELSON. Independence.

Secretary BURNS. Yes. Yes. Well, I guess, in Kosovo, you had what we regard to be a unique set of circumstances, a set of circumstances in which, for a period of almost a decade, you had the U.N. administering a particular area of Kosovo, you had an international security force which was responsible for maintaining order there, you had a very carefully worked-through system of protection of minority rights in Kosovo, again, which was overseen by an international authority, you had a long period of diplomatic effort, led by Mr. Ahtisaari, you know, who had been appointed by the U.N. Secretary General, to try and sort through a workable diplomatic outcome for Kosovo's future. And then you had a period in which the so-called troika—the United States, European Union, and Russia—worked very hard, after Mr. Ahtisaari had come up with his plan, to try and produce an outcome. And, against that backdrop, the judgment that we and our European partners made was that stability in Europe was, in fact, undercut by continued stagnation or stalemate on this issue. Russians made very clear their opposition to that conclusion.

I think if you look at the situations in South Ossetia and Abkhazia, those three or four ingredients that I mentioned don't apply. You didn't have that long period of U.N. or international administration, you didn't have an international security force which was keeping order, you didn't have that long period of internationally led, U.N.-led negotiation, you don't have a system in place to protect minority rights and try to allow for the return of refugees. And so, for all those reasons, I think the situations are a little different.

Senator BILL NELSON. Thank you, Mr. Chairman.

Senator DODD. Thank you very much, Mr. Ambassador.

Let me, if I can—just ask a couple of questions here before I turn to Senator Lugar for any followup he may have.

Obviously, and as you've stated it well here, and as I think it's been generally acknowledged here, the Russian reaction was excessive. But, you indicated in your statements, too, the question of

whether or not this matter could have been avoided. Now, with 20–20 hindsight, to what extent do you believe that any actions taken by President Saakashvili could have been more moderated in a way that might have avoided the situation that occurred, or was that—was it unavoidable, in your view, that this was going to happen, no matter what occurred? To what extent have we examined that side of the equation in examining this question?

Secretary BURNS. Well, Senator, I think we've tried to examine it very carefully. And I don't have a perfect answer for what is a very good question. I think that, you know, everyone, in different ways, contributed, through mistakes and miscalculations, to this crisis. I don't think it was inevitable that it unfolded exactly in the way that it did, when it did. But, certainly the tensions have been building for a long time. And the Russians were preparing for a scenario, at least, in which force could be used in the way in which it was used. I can't honestly tell you that, had events not unfolded exactly in the way in which they did at the beginning of August, that we would have seen this crisis right now. But, you know, I think there were a set of tensions there which have been building, which we tried very hard to avoid by reviving diplomatic mechanisms, and were, in the end, unsuccessful at doing that.

Senator DODD. But, it's important, it seems to me, to analyze this question so we know, to a large extent, what occurred here—to make a judgment about this situation, but also, given the possibilities that we've talked about here this morning, that this issue goes far beyond the geography of Georgia and Russia; this is one that now has had huge implications for us, for our allies, and for NATO. All of these issues have been highlighted by the set of facts, beginning on August 7.

I want to come back to the issue raised, maybe by Senator Webb or Senator Casey, about military assistance. I think Senator Webb may have raised it in the Armed Services Committee. I was reading a story—and I'm just quoting from the story itself, so I have no independent information to confirm all of this, but there were some issues raised by Robert Hamilton, who's a defense analyst and a regional expert at the Center for Strategic International Studies, and he allegedly said that the military assistance we're talking about here would leave Georgia's Armed Forces with the job of protecting the territory under its control—I'm quoting the story now—"a mission that they are certainly capable of fulfilling if the U.S. assists. Still, Russia is highly unlikely to accept assurance of a purely defensive United States and Georgia intent, so any American military aid could heighten tensions." Could you respond to that?

Secretary BURNS. Yes, sir, Mr. Chairman. It's obviously an issue that we have to weigh very carefully. President Bush has made clear our willingness to look at ways in which we can help the Georgians maintain their security, rebuild their security. That's something that we want to do in conjunction with our NATO partners, as well. And, as I mentioned, we've formed this new NATO-Georgia Commission. It's something that has to be approached carefully and methodically. The first stage is, obviously, to assess what the needs are, and that's what we're engaged in right now. And all I can assure you, at this point, is that, you know, as we

assess those needs, and as we look, potentially, at what decisions might be made, we're going to do that very, very carefully.

Senator DODD. Well, we do that——

Secretary BURNS. We do——

Senator DODD [continuing]. In conjunction, it seems to me, with our NATO allies, who, it seems to me, have a direct vested interest in those decisions. If you're looking down the road though to NATO membership, it raises important questions. I asked Senator Lugar, a minute ago, "Is there any nation that's ever been made a part of the MAP program that was ultimately denied admission to NATO?" And I gather there's never been a case of that. So that, once you move in this direction, it seems to be, at least historically, there's a certain inevitability to where that leads, however long it takes. So while I'm not arguing with it, these kinds of decisions, it seems to me, are very important, at this juncture. There needs to be a lot of cooperation and a lot of consultation, rather than unilateral decision as to what those needs may be, if, in fact, we're going to be seeking additional cooperation.

Senator Nelson pointed out that there may be some greater hesitancy on the part of principal NATO allies about an admission of Georgia to NATO, and it seems to me that if we go off unilaterally in this area, without the kind of deliberation and consultation, that, in fact, we may do some serious damage to the outcome of that decision.

Secretary BURNS. Mr. Chairman, it's a very fair point, and it's, in large part, the purpose of this NATO-Georgia Commission that's been created. We have the NATO Secretary General and all the permanent representatives of NATO in Tblisi over the last couple of days, so this is very much an effort in which we want to stay in the closest possible consultation, for all the reasons you mentioned, with our NATO partners.

Senator DODD. Very good.

I see Senator Cardin has joined us. Ben, I'll yield back my little time and then turn to Senator Lugar.

Senator CARDIN. Well, thank you, Chairman—Mr. Chairman. I thank—Senator Dodd. I apologize for not being here for—throughout the hearing. We had two other hearings today. But, this is a subject of great interest. The Helsinki Commission, which I chair on behalf of the Senate, has held hearings on this same subject.

And I would just like to ask you one question, if I might, and that is—Russia is charting a new course. They're openly using their military outside their own territories, they've recognized a region which one would think could be a problem for themselves because of the Russian Federation itself and desire for independence in certain regions. My question is, Who's making the decisions in Russia today? I think most of us felt that Mr. Putin would remain as the major policymaker in the country, but perhaps President Medvedev has more influence than we originally thought. Can you help us in trying to sort out how the decisions are being made in Russia? We obviously need to have a way to impact decisions in that country to create a better relationship. It doesn't mean we agree with what they did. We don't. But, it's important for us to have an effective relationship with Russia. And can you just help us in trying to sort out, politically, what is happening in that coun-

try and whether it's a shared power between two, or whether Mr. Putin's still in control, or whether there are other forces, that perhaps haven't had the same type of visibility, that are impacting the decisions within Russia?

Secretary BURNS. Well, Senator, that's a really good question, and I'll just make two or three comments in response.

And the first one is that, honestly, one thing I learned in 3 years as Ambassador in Moscow is humility, because it's—it's a complicated political system and political leadership to try and understand.

Second, I think President Medvedev, as any Russian President, has considerable amount of authority, particularly over national security and foreign policy matters. At the same time, it's obvious that Prime Minister Putin retains a great deal of influence. And so, you do have a circumstance of shared power, I think, in a lot of respects.

There is, across the Russian political elite, including within the Kremlin and in the government, I think, a pretty strong consensus on some of the issues that we've talked about today, whether we like it or not, with regard to the reassertion of Russian national interests and a willingness to be pretty aggressive in asserting those interests. There's debate about tactics sometimes.

I think it's going to also be interesting to see what kind of debate develops as the consequences, particularly the economic consequences, of the Georgia crisis become clear.

Now, the fall in the Russian stock market is not entirely due to the Georgia crisis. It predated it, to some extent. But, the Georgia crisis has certainly aggravated that. And so, I think, over time—I certainly hope—that that will cause at least some rethinking about the approach and the policies that the Russian Government embarks upon. Because the issue is not whether Russia is a great power or whether Russia is influencing its neighborhood. It obviously is, and it does. The question is how it exercises that power and influence, whether it pays attention to the rules that govern the behavior of other states in the international system today. And so, you know, I think, over time, as those consequences become clear, you may see some debate over tactics and over the kinds of behavior that we've seen recently. But, at this point, it's a popular leadership throughout much of Russia——

Senator CARDIN. Let me try to pin you down on your best estimate, or best intelligence, as to how the decision to use their military within Georgia, beyond just the disputed areas, but to go into Georgia itself—Mr. Putin, if I am correct, I believe, was at the Olympics when that decision was made. He then went back to Russia. But, do you believe that was a decision that had been thought out for some time, involving both the President and Prime Minister, or was this a decision made on the ground by the president, or how did that come about?

Secretary BURNS. I don't honestly know, Senator. I'm sure there are contingency plans in place for Russians, as there are for the United States or any other country, but exactly how that decision-making unfolded over that period of time in early August, I don't know. The President of Russia is empowered, under the Russian constitution, ultimately with making those decisions. And so, I as-

sume that it was President Medvedev, ultimately, who made them. But, clearly Prime Minister Putin and others in the leadership had significant input into that.

Senator CARDIN. And if you were—as you are advising our government, we need to invest in both the Prime Minister and the President? You believe it's truly shared, or is the Prime Minister the principal architect of what's going on?

Secretary BURNS. Sure, no, I think it's important for us to stay engaged, as we do with lots of countries around the world, with the President, as well as with the Prime Minister, who has—whomever it is in Russia who has responsibilities for economic, domestic, social issues, where we have a lot at stake, too, in terms of our economic engagement.

Senator CARDIN. Do you see any friction developing within Russia itself? Is there any disagreements, or this is a pretty unified team?

Secretary BURNS. Oh, I think it—Senator, I think it depends on the issue. On some of, you know, the behavior that we've seen over the Georgia crisis, my sense, anyway, is that it's a fairly unified group at the top. But, I think, on other issues there's a debate that goes on over economic policy, over some other aspects of foreign policy. It's not always obvious to us on the outside, but my sense is that there's a debate that sometimes goes on about tactics. On this set of issues, my impression is that there was a fair amount of consensus in the Russian leadership.

Senator CARDIN. Thank you, Mr. Chairman. I appreciate it.

Senator DODD. Thank you very much, Senator.

Senator Voinovich.

Senator VOINOVICH. Thank you very much. I apologize. Two markups at the same time as this hearing.

And I'm so happy that you're where you are right now. Because of the Presidential election, I think there are some folks out there that see us in kind of a state of flux, and I think that having you where you're at sends a good signal out to the rest of the world, we've got somebody that knows what they're doing there, at the highest level of our government and the State Department.

First of all, I'd like to say that I'm pleased that Sarkozy has taken some leadership role. And it looks like the club is working together. I always think that, when you're dealing with Russia or China, that the best way to do it is there are dues that you play—pay in the club. If you behave certain ways, you belong to the club, and if you don't behave that way, then you're no longer in the club. And I think they want to be part of the club, and the issue is, you know, how far off are they going to go?

The second issue is the issue of energy. And I recently met with the ambassadors from the Balts, and I was surprised, 100 percent of their natural gas coming from Russia, half of it, half their oil. And they're vulnerable, in terms of—if Russia decides to use that as some kind of a weapon. And I'd interested to know, you know, has anybody sat back and looked at some of the initiatives that we could take to work with others to try and come up with some alternatives so that they're less vulnerable, just as, quite frankly, we're vulnerable when somebody else controls the supply and the cost of what you do? And in our particular case, some of the people that

we're giving oil money to are now buying the debt of the United States. So, you've got somebody controlling the price, the supply, and they buy your debt, you've got some significant problems. So, I'd be interested in—is there some thought in that area?

And the other area that I'm concerned about is the whole NATO issue. And I've been one that's really pushed expansion of NATO and studied history, and once those countries got their independence, I said the one thing I want to do is—let's get them into NATO, because that'll be—they'll be more secure that way. And I just shudder to think about the Balts, for example, where you've got large Russian populations, so if they weren't in NATO today, I'm not sure that—who knows what would be going on there. But, we've got a big meeting coming up in December, and the real issue—and I—again, is—What position are we going to take in regard to expansion of NATO? The Ukraine is really interested in being invited. And where do we stand in that regard?

Secretary BURNS. Thank you very much, Senator.

To start with the NATO question first, I mean, the United States position, in the runup to the Bucharest Summit and today, remains supportive of extending the next step in the—what can be a drawnout membership process for Ukraine and Georgia—the Membership Action Plan, which is the stage, as you well know, where you—a country gets ready for the possibility of membership—that we continue to support that.

Now, exactly what's going to transpire at the December ministerial meeting, or—is hard to predict, at this point, because, as you well know, there are some other key partners in NATO who have their reservations about whether Ukraine or Georgia are ready for that step next. And so, I can't predict for you exactly the tactics, let alone the outcome, of that.

But, it's a question that deserves to be weighed very, very carefully, for all the reasons that you mentioned.

Senator VOINOVICH. Have—one of the other Senators raised the issue of article 5. Has there been—is there a definition of when that occurs?

Secretary BURNS. Well, with actual membership——

Senator VOINOVICH. Yeah.

Ambassador BURNS [continuing]. In NATO, as opposed to a Membership Action Plan——

Senator VOINOVICH. No; what I'm saying is, is that—someone asked the question, "If Georgia had been in NATO, and what occurred, would that have triggered article 5 of the NATO"—in other words, would have gotten us all involved in saying, "You've got to get out of there."

Secretary BURNS. Well, it certainly, it seems to me, would have. I mean, if Georgia had been a member of NATO, the—article 5 applies to all members of NATO. But, again, it's another of the reasons why this process is a very careful, thorough one, why there are criteria that—and one of the criteria, as you well know, Senator, is to have good relations with your neighbors as you move ahead in that direction. So, it's something that we support, but which is going to be the subject, I'm sure, of some pretty serious discussion within the Alliance in the runup to the December meeting.

Senator VOINOVICH. Do you think that what's happened makes it more likely or less likely that it'll occur?

Secretary BURNS. It's hard to predict, but, I think, for some partners in NATO, it probably isn't going to ease the concerns that they had before. But, it's hard to predict, at this stage, and I think a lot's going to depend on how this crisis unfolds, whether or not we see Russian compliance with its commitments, the commitments it made in August and again in September.

On the energy issue that you raised, Senator, I think it's a critically important issue, as I mentioned in my opening statement. I think there are a number of things that we and our partners can do to help strengthen energy security and reduce an over-reliance or a singular reliance on Russian gas and oil imports. They involve everything from improving energy efficiency, which you've actually seen in Ukraine over the last couple of years, after the extremely unfortunate temporary disruption of gas from Russia, two winters ago. One of the byproducts of that has been a greater effort at energy efficiency in Ukraine, which can pay big dividends in parts of the former Soviet Union and in Eastern Europe. Looking for renewable energy sources is also important. And then, obviously, looking at ways in which you can diversify supplies and transit routes so that you're making better use of the enormous energy supplies in Central Asia, as well as in the Caucasus itself. And so, I think we need to redouble our efforts in all of those areas.

Russia is going to continue to be a big energy player, globally as well as in its own neighborhood in Europe and Eurasia. But, all of our interests are served best—and the Russians themselves subscribed to this at the St. Petersburg G–8 summit, two summers ago—all of our interests are served best by genuine energy security, which means you're diversifying sources of supply and transit routes.

Senator VOINOVICH. Did the—can I ask you something? Did the question that Bill Nelson raised about—is that—did you discuss that?

Senator DODD. About NASA?

Senator VOINOVICH. About NASA and the fact that we don't—we're—we've discontinued the use of the shuttle, and what we're going to do in the interim period.

Senator DODD. Ambassador Burns—I don't know how knowledgeable you are about the NASA programs and where we are with that, but——

Secretary BURNS. No; I'll take a stab at it. I mean, I think Senator Nelson described very——

Senator VOINOVICH. I mean, I think that there was—I think—in fact, I've talked to somebody from the State—about getting a waiver so that—from that—I guess, the provision that says, "If you do business with Iran, that you can't—we can't do business with you."

Secretary BURNS. Yes, sir. And the administration fully supports that waiver, for the very practical reason, as Senator Nelson described, that, you know, our relationship with Russia in space cooperation has really been one of mutual dependence. I mean, we both benefited from it, but, particularly in the near term, we really do depend on Russia as our source of getting from here to the space

station. And so, I think it's an area of cooperation in which we have a pretty clear self-interest.

Senator VOINOVICH. Thank you.

Senator DODD. Senator Lugar.

Senator LUGAR. In response to Senator Voinovich's question, my understanding is that the staffs, majority and minority, have considered the waiver, and that would be on the agenda for our business meeting, next Tuesday I believe, so that constructive action could be taken by the committee to meet that problem, I believe.

I just want to raise two or three points, one of which is, in the Moscow Times today on this—September 17 issue—there's a letter to the editor by three partners of RST International, a business of strategic communication consultancy based in Moscow. The piece very candidly describes United States-Russian relations in political campaigns, our Presidential campaigns throughout the years, what positions candidates have taken, and then how things evolved after the elections, pragmatically, with the Russians. Whether one agrees with their political analysis, essentially they are indicating that, after our campaign is over, whoever is elected President will probably attempt to forge some type of a relationship with, not only Prime Minister Putin, but President Medvedev, and that we will proceed again from there. Which may or may not be the case. I just found it interesting that this is being published in Moscow—without knowing the circulation of the Moscow Times and how important that is, but it is a paper in Russia, presently now, and speculating, about our elections, for Russian readers.

Another footnote is that the Pentagon, each month, provides an update of the Nunn-Lugar Program's progress in eliminating weapons of mass destruction. And during August, the month of contention in Georgia, 10 intercontinental ballistic missiles were destroyed in Russia and four shipments of nuclear warheads were sent to safe and secure storage. This is a fairly modest outcome, but, nevertheless, the program continues. The 10 missiles destroyed join 720 others that have been destroyed previously during the last 16 years, and there are still a good number to go. But, I make the point that it is important that this process of cooperative threat reduction move ahead, even at fairly low profile, because the safety, not only of Russia and the United States, but the world really, is involved in the containment of all of this.

Finally, I just am curious, I talked to General Craddock, our NATO commander, when I was in Brussels in early September, and he indicated that the Russian forces have a training exercise in the area around North Ossetia—that is on the border with South Ossetia—every August. So, they were down there again for a training exercise in August. I asked, "Are they there only during August?" Well, essentially that's when the exercise occurs. Which led me, to—just being the devil's advocate—what if the shooting between Ossetians and Georgians and so forth had occurred, say, October the 15th? Would the same troops have been there? Well, apparently not.

Now, I raise this question, because it really gets to the heart of good intelligence on our part, on the part of the Georgians, on the part of our Embassy in Moscow. These are salient facts, when the Russians have not just conscripts, although some were conscripts

in the South Caucasus, but professional soldiers in the area for a training exercise. General Craddock reports that aircraft that were flown by the Russians were often flown in very erratic ways at altitude levels that made it fairly easy for the Georgians, with very limited armament, to shoot them down. He also pointed out that Russian troops just advanced in single file, the tanks the troops and so forth, as opposed to a sort of spread formation that would have been normal in these things. So, you know, you ask, "Well, why did the Russians win?" He said, "Well, there were a whole lot more of them." You know, by the time you have all of the tanks and all the troops, whatever may be the level of training or coordination, it was rather overwhelming force that then spread out over the country in one form or another.

It also raised questions about the training of the Georgian troops. Certainly, the United States and others have been involved in this, but communication breakdowns between various segments. This was complicated by the fact that when the Georgian troops were flown back from Iraq, the Russians had taken over some of the garrisons where their weapons were stored. So when they returned they were, weaponless, or without the provisions that were required at that point.

I mention this because this requires, I think, some careful analysis by Georgians, by ourselves, by others, as to specifically what happened. Not who triggered it and on what day or so forth, but, physically, why were Russians there on the border at that time and in those numbers? Why didn't somebody shut the tunnel so that 5,000 people could not come through? And this is, I think, very, very important. I appreciate that, at this point, people tire of the tediousness of going into this, play by play, but I simply raise this as a part of the hearing, because I suspect you would agree that this kind of postmortem analysis is important.

Secretary BURNS. Yes, sir, I absolutely do. And I think it is very important to engage in that kind of an analysis as a way, not just of understanding how this crisis unfolded, but avoiding ones in the future.

Senator LUGAR. Yes.

Thank you, sir.

Senator DODD. Let me underscore that point with Senator Lugar. In a far less adept way, let me raise that issue—again, it's not that this is in any way to excuse the Russian behavior, which was excessive under any circumstances, but to understand what happened and how this unfolded is going to be very important. And at this juncture, while it still may be a little early, my hope would be—and, I think, certainly Senator Biden would agree, as the chairman of the committee—that at some point we get a more detailed explanation and analysis of actually what happened. It seems to be important.

And I'd underscore the point that Senator Lugar and others have raised, as well, and it doesn't get said often enough, but the Nunn-Lugar proposals have just been remarkable in their achievement, and it's important to point out, in the midst of all of this, and contrary to the Senator's observation, I think it's fairly significant what happened in August, with those numbers, and then we need

to understand it. This is not a two-dimensional relationship; it's very complex, it's deep, and it needs to be well thought out.

I presume I know the answer to this question, but let me ask it of it anyway, and that is, I presume the McCain Campaigns and the Obama Campaigns are being well informed, and are being advised on this issue, so there's knowledge within these two camps as to how all of this is progressing——

Secretary BURNS. I believe——

Senator DODD [continuing]. So that there's a seamlessness to all of this, I hope, come January, in terms of moving on?

Secretary BURNS. Yes, sir. I believe that's the case today. And certainly as we look ahead to transitions very the next few months, it's something that we'll pay a lot of attention to in the State Department. Yes, sir.

Senator DODD. In the case of Senator Biden, as the chair of this committee and having been to Georgia, has a deep knowledge and understanding of the issue already, but I would hope that would continue to be the case. It's very, very important, it seems to me, that this happens. We're going to have a new administration on January 20, and to the extent they are very aware and knowledgeable about what's transpiring, I think it will be very, very important, as well.

Any other—further comments or questions?

[No response.]

Senator DODD. Well, Mr. Ambassador, let me say again what others have said here—we're very fortunate to have you. You're extremely knowledgeable and competent, and I thought your comments today were very well taken. So, I appreciate, immensely, your service to the country. And we'll follow up with this.

The committee will stand adjourned.

[Whereupon, at 12:20 p.m., the hearing was adjourned.]

ADDITIONAL STATEMENTS SUBMITTED FOR THE RECORD

PREPARED STATEMENT OF HON. JOHN F. KERRY, U.S. SENATOR FROM MASSACHUSETTS

Under Secretary Burns, thank you for coming before us today to testify on this important subject. Let me start by saying that I was frankly outraged by Russia's actions in Georgia last month. Russia's disproportionate military response against the sovereign, internationally recognized territory of Georgia, which includes South Ossetia and Abkhazia, is in violation of international law and is conduct unbecoming of a responsible international stakeholder in the 21st century.

Let's be clear: Georgia might have exercised better judgment to avoid falling prey to Russia's provocations, but I reject the notion that there is some sort of moral equivalence between Russia's and Georgia's conduct. South Ossetia is not Kosovo. And launching major military operations by air, ground, and sea deep into the territory of your smaller neighbor, attacking its cities and ports, and damaging its civilian and economic infrastructure is simply not acceptable.

I am pleased to have worked with my colleagues on the Senate Foreign Relations and Armed Services Committees to clear an amendment to the defense authorization bill yesterday that sends this clear message to Russia, our allies, and the rest of the world.

Make no mistake, Russia's actions have diminished its standing in the international community and should lead to a review of existing, developing, and proposed multilateral and bilateral arrangements. I look forward to hearing from you what sources of leverage we have available to encourage Russia to abide by its international commitments.

Russia should immediately comply with the September 8, 2008, follow-on agreement to the six-point cease-fire negotiated on August 12, 2008. And I hope that you, together with your counterparts in Europe, are delivering a clear message of your own to Moscow: If Russia continues to violate international law and its commitments, its long-term relationship with the West will be adversely affected and its rightful place in the political, economic, and security institutions of the 21st century and a future partnership with our democracies will be jeopardized.

Looking ahead, both Russia and Georgia must refrain from the future use of force to resolve the status of South Ossetia and Abkhazia, and both countries should work with the EU, the OSCE, and the U.N. Security Council to identify a political settlement.

In the meantime, I will be supporting a robust Senate assistance package, as well as international efforts underway, to provide humanitarian and economic reconstruction assistance to Georgia, and aid the development of a strong, vibrant multiparty democracy. We also should redouble efforts with the EU, Georgia, and its neighbors to ensure the free flow of energy to Europe.

The real test for American and European diplomacy in the months ahead will be how to back Georgia's people and its democratically elected government without antagonizing Russia and sliding back into more hostile relations reminiscent of the cold war. The United States continues to have interests in common with Russia, including combating the proliferation of nuclear weapons, halting Iran's nuclear program, and fighting terrorism.

Over time, these shared interests can serve as a basis for improved long-term relations. But we are regrettably in a different place today due to Russia's pattern of aggressive behavior in Georgia and elsewhere. I know you will have thoughts on how we can strike a balance that passes this crucial test.

PREPARED STATEMENT OF HON. BARACK OBAMA,
U.S. SENATOR FROM ILLINOIS

Mr. Chairman, thank you for holding this hearing on "Responses to the Conflict between Georgia and Russia."

When Russian military forces invaded Georgia last month, I condemned Russia's aggressive actions, called for Russia to cease its bombing campaign and withdraw its ground forces, and stated that Georgia's territorial integrity must be respected. I spoke with Georgian President Saakashvili on August 9 and conveyed to him my deep regret over the loss of life and the suffering of the people of Georgia.

For many months, I have warned about the potential for escalation of this simmering dispute. I called upon Russia to stop provoking Georgia and also warned Georgia not to fall for Russia's baiting. Instead of military escalation, I stated in April and again in July that there needs to be active international engagement to peacefully address the disputes over South Ossetia and Abkhazia, including a high-level and neutral international mediator and a genuine international peacekeeping force in Georgia. No matter how the conflict in August started, it is clear that Russia escalated it well beyond the dispute over South Ossetia and Abkhazia. There is no justification for Russia's invasion of Georgia or recognition of South Ossetia and Abkhazia as independent states.

Together with our European and other partners, we must take action on several fronts. First, neutral, international observers must immediately be deployed to Georgia to verify that the Russians are upholding their commitments. This means not only strengthening the OSCE observer mission in South Ossetia but also dispatching EU observers to all parts of Georgia including the conflict zones. These observers must not only monitor implementation of the cease-fire agreement but also investigate all claims of human rights abuses and ethnic cleansing.

Second, the international community must continue to hold Russia accountable for its continued misconduct and violations of international law. So long as Russia continues to violate international law and refuses to respect the territorial integrity of its neighbors, the United States and Europe must work together to consider other measures, including suspension of Russian applications to join the WTO and OECD. Russia's recognition of South Ossetia and Abkhazia as independent states should be rejected.

Third, we must make Georgia's economic recovery an urgent strategic priority. Senator Biden and I have called for $1 billion in reconstruction assistance to help the people of Georgia during this trying period. The administration has embraced this idea, and Congress should provide the funding immediately to demonstrate that Russia will not get away with its attempt to humiliate Georgia by destroying its in-

frastructure, military equipment, and villages. I also welcome and encourage European efforts to help rebuild Georgia.

Fourth, a clear lesson of the Georgia crisis is that we and our European allies must pursue energy policies that reduce dependence on Russian oil and gas. This means working urgently to increase efficient use of energy, especially in those countries in the transatlantic community still recovering from wasteful Soviet practices. It also means developing alternative energy sources and alternative supplies for Europe and Eurasia. Just as the United States and Europe committed in the 1990s to the Baku-Tbilisi-Ceyhan pipeline, which can deliver 1 million barrels of oil per day from Central Asia across a route that does not depend on Russia, today we must jointly build other alternative production and pipeline projects.

Finally, events in Georgia make it more necessary than ever for the United States and Europe to reiterate their shared commitments to the sovereign right of all European countries to live in freedom from the threat of military or economic coercion. Beyond the attack on Georgia, the past few months and years have seen Russian cyberattacks in Estonia, use of energy blackmail against Ukraine, and threats to point missiles at Poland and other East European states. We must stand together against these acts.

Russia today is not the Soviet Union, and we are not returning to the cold war. I will continue to press for direct dialogue with the Kremlin on issues of mutual interest, including keeping weapons of mass destruction out of the hands of terrorists, reducing our nuclear arsenals, and preventing Iran from acquiring nuclear weapons. Russia has the potential to become a responsible stakeholder in the international system, and I hope that one day it can be included in the wider Euro-Atlantic community. Russia's recent choices, however, are threatening this potential and reminding us all that peace and security in Europe cannot be taken for granted.

ADDITIONAL QUESTIONS FOR THE RECORD SUBMITTED TO UNDER SECRETARY OF STATE WILLIAM J. BURNS BY SENATOR GEORGE VOINOVICH

ENERGY SECURITY

Question. Are Russia's actions in Georgia based on the ″grand strategy″ of energy security and the "B-T-C" (Baku-Tbilisi-Ceyhan) pipeline? [Note: The BTC pipeline runs from Azerbaijan to Turkey via Georgia, bypassing Russia.]

Answer. We have no information indicating that energy was Russia's immediate motivation for invading Georgia, or that Russia targeted Georgia's energy infrastructure. While the Russian invasion may have rattled investor nerves, the Baku-Tblisi-Ceyhan (BTC) oil pipeline and the South Caucasus Gas pipeline—the anchors of the Southern Corridor through which Azerbaijani oil and gas flow to Europe—were not damaged by the Russian action. That said, the Russian invasion of Georgia should serve as a wake-up call to strengthen and expand a "Southern Corridor" of energy infrastructure, to transport Caspian oil and gas to European and world markets. The development of Caspian energy resources and diversified export routes are the best means for supporting the sovereignty, independence and economic development of Georgia, as well as other countries in the Caucasus, Central Asia and Central Europe. Senior U.S. leadership has taken this message to the region in recent weeks and will continue to do so.

Question. In your opinion, how serious a problem is Europe's increasing dependence on Russian gas and oil?

Answer. Europe is overly dependent on Russian energy supplies. Natural gas consumption in the European Union is expected to double over the next 25 years—with imports exceeding 80 percent by 2030—as gas becomes the fuel of choice for power generation, fueled by EU climate change commitments and the phasing out of nuclear power in some EU countries. A recent IEA estimate has European gas demand increasing by over 250 billion cubic meters (bcm/a) by 2015, and contracted volumes falling short by more than 118 bcm/a in the same year.

Russia would like to increase its market in Europe and increase European dependence on Russian gas. Russia will not be able to achieve the goal of increasing its share of European market if Caspian energy can reach the European market independent of Russian delivery. The IEA has said that Russia could have trouble filling its existing European gas contracts as early as 2011—absent significant upstream investment—and Russian gas production declined in 2007 for the first time since 2000, decreasing by 0.8 percent over 2006. Additionally, Russia's heavy-handed approach to gas transit issues with Ukraine and its purchases of European mid-

stream and downstream assets—all while giving limited European access to the Russian upstream—has concerned several EU countries.

The EU needs to diversify its hydrocarbon sources, including the development of the "Fourth" or "Southern Corridor" of energy infrastructure to bring Caspian and Middle Eastern gas to Europe and explore its liquefied natural gas options.

Question. What steps can/should European states take to decrease their dependence on Russian gas and oil?

Answer. Diversification of energy sources, the appropriate use of competition and regulatory policies and enhanced grid interconnectivity, would complement ongoing EU efforts to develop alternative sources of energy and enhance energy efficiency efforts. All are critical to a long-term strategy to increase EU energy security.

With 6.4 percent of the world's proven oil reserves and 25.2 percent of world gas reserves, Russia is an important supplier of hydrocarbons. Russia supplies one third of European oil imports and almost 50 percent of the European Union's (EU) natural gas imports (27 percent of overall EU gas consumption), but many Central and Eastern European states are dependant on Russia for over 80 percent of their natural gas imports.

The Russia-Georgia conflict, combined with past Russian energy cutoffs to neighboring countries, should encourage Europe to diversify its supplies and mitigate its dependence. Enhanced European energy security will require the EU to insist on greater market integration. Enabling the development of a "Fourth" of 11Southern Corridor" of energy infrastructure to bring Caspian Basin oil and gas to European and world markets, e.g., via the Nabucco or Turkey-Greece-Italy interconnector, would be prudent. The Caspian and Middle East (including Iraq and Egypt)—with their 84,490 BCM in reserves compared to Russia's 47,650 BCM—are critical alternative sources for meeting the EU's natural gas needs.

Additionally, competition and internal market policy would increase the competitiveness and efficiency of electricity and natural gas markets. Passage of the proposed "Third Energy Package" and a more aggressive use of EU and national Competition Authorities could mitigate Gazprom's influence based on its dominant market position. The September 19, 2007 proposals, if enacted, would require the unbundling of the production and supply of electricity and gas from their transmission. These provisions could increase gas and electricity connections between member states, boosting efficiency and reducing the risk of an energy cutoff in member states that are highly dependant on one supplier—significantly enhancing EU energy security.

NATO

Question. Are Georgia's chances of being offered a NATO Membership Action Plan (MAP) at the NATO foreign ministers' meeting in December 2008 bolstered or reduced in the wake of the Russia—Georgia conflict? Does the administration still support offering a MAP to Georgia in December?

Answer. The administration continues to strongly support Georgia's aspirations for Euro-Atlantic integration, including its eventual accession to NATO. Georgia is an important partner of the Alliance and a valuable contributor to security, having provided important support in Kosovo and the third-largest contingent in Operation Iraqi Freedom before the August 8 invasion.

At the Bucharest Summit last spring, NATO's leaders agreed that Georgia would become a member of NATO. they tasked allied foreign ministers to review Georgia's progress in December. Following the Georgia-Russia conflict, NATO reaffirmed its support for the commitments made at its summit in Bucharest and established the NATO-Georgia Commission to supervise the process set in hand in Bucharest.

Ministers have the authority to decide on MAP in December, and we believe the answer should be yes. Georgia's leadership recognizes that the country has work to do before allies could consider Georgia for membership, and this process would take years. Allies differ on when Georgia should enter MAP. In this context, it is important to emphasize that no non-NATO country has a veto over NATO enlargement.

MAP is not the same as membership, it does not guarantee an invitation, does not set a timeline, and does not include a security guarantee. Georgia has made some noteworthy reform progress with NATO's support, but its efforts must continue, and MAP is the process that will help Georgia meet NATO standards. In fact, the prospect of NATO membership motivates countries to tackle difficult reforms, and the work that these aspirants undertake to meet NATO standards benefits their entire region, helping the aspirants to become more stable, democratic, and reliable.

Question. Are Ukraine's chances of being offered a NATO Membership Action Plan (MAP) at the NATO summit in December 2008 bolstered or reduced in the wake of the Russia-Georgia conflict?

Answer. The United States supports Ukraine's Euroatlantic aspirations, including its expressed desire to advance its relations with NATO. We continue to support a NATO Membership Action Plan (MAP) for Ukraine. MAP is a work program designed to help NATO aspirants make the reforms necessary to prepare them for NATO membership. At the Bucharest Summit in April 2008, the Alliance declared that Ukraine will become a member, but some allies differ on when Ukraine should take that next step. In this context, it is important to emphasize that no non-NATO country has a veto over NATO enlargement.

It is also important that the Ukrainian Government be united in its readiness to pursue MAP. MAP is not the same as membership, it does not guarantee an invitation, does not set a timeline, and does not include a security guarantee. MAP does give aspirant countries the means and motivation to meet NATO's standards Ukraine has made some noteworthy reform progress with NATO's support, but its efforts must continue. Ultimately, these reform efforts benefit the entire region, helping aspirants to become more stable, democratic, and reliable.

CONSEQUENCES

Question. The Bush administration has suggested that, as a result of Russia's incursion into Georgia, its accession to the World Trade Organization (WTO) could be in jeopardy. Is the United States contemplating holding up or opposing Russia's accession to the WTO?

Follow-Up: If so, would that indicate a change in U.S. policy of encouraging Russia's membership and participation in the WTO and other multilateral economic organizations?

Answer. The President said, "By its recent actions, Russia is putting its [WTO] aspirations at risk." Secretary Rice has also stated, "Russia's bid to join the World Trade Organization is now in jeopardy." While we have supported Russia's full integration into the global economy—operating under rules-based organizations benefits Russia, the United States and the world economy—if Russia continues down its current path this goal will not be achievable.

Russia is responsible for the timing and progress of its accession. The Russian government is aware of the actions it needs to take in order to meet the terms for WTO accession and conform to the rules of the WTO. Russia must simply decide whether it will undertake these actions or not.

Question. Should Russia be excluded from meetings of the G-8?

Answer. While the United States has long supported Russia's aspirations to integrate into the world economy and institutions, Russia's invasion of Georgia and recognition of South Ossetia and Abkhazia put its aspirations in jeopardy. Such actions are not those of a responsible world partner.

We are reevaluating our relationship with Russia. We are doing so in concert with our international partners, including other G-7 countries. For example, Japan, as the G-8 Presidency, has postponed G-8 meetings that were to have taken place in September and through the middle of October.

Our immediate focus is to support Georgia and countries in Russia's neighborhood. We also seek full Russian compliance with all elements of the August 12 and September 8 Agreements.

Question. I am concerned about Russia's potential response to economic sanctions by the U.S. and Europe. We have seen Moscow shutdown gas pipelines to the Ukraine/Western Europe. Moscow has most recently seized control of BP's Russian joint-venture. How would Russia respond to potential economic sanctions by the U.S. and/or Europe?

Follow-up: The Russians are a very proud people. Is it possible to design targeted sanctions that would not risk deepening tensions between Russia and the West?

Answer. Russia is indeed a proud country, one whose leaders chose to react against actions such as sanctions, in particular from the United States, against whom Russia and previously the Soviet Union traditionally measured itself. It is possible that Russia would seek ways to retaliate for any sanctions imposed on it. It is also possible that Russian leaders are aware of the severe costs Russia has already borne through its invasion of Georgia and may seek ways to avoid a further deterioration in their country's standing in the world.

We will work with our European allies and other friends and allies to encourage Russia to make better decisions than some recent ones. We can do this, among other things, by making it clear that Russia failed to destroy Georgia's sovereignty and independence; that their invasion has done little more than demonstrate that Russia's military could overcome the armed forces of a much smaller and weaker country.

ADDITIONAL QUESTIONS FOR THE RECORD SUBMITTED TO UNDER SECRETARY OF STATE WILLIAM J. BURNS BY SENATOR ROBERT P. CASEY, JR.

Question. In the aftermath of Russia's invasion of Georgia, senior Russian leaders contended that Russia's actions to protect a persecuted ethnic minority parallel NATO action in 1999 to protect the Kosovar minority against Serbian war crimes and ethnic cleansing. The decision by the United States and NATO allies to recognize Kosovo as an independent nation earlier this year was also cited by Russia as a legal precedent for its decision to recognize South Ossetia and Abkhazia as independent states. Do you view these statements by senior Russian leaders as a cynical exercise to justify their actions? Or is there a possibility that Western recognition of Kosovo, no matter how just or correct, spurred Russia to retaliate by recognizing separatist regions within an ally of the United States? How do we best respond to statements by Russian officials and their allies that Kosovo set the precedent for South Ossetia?

Answer. Russia has tried to justify its recognition of South Ossetia and Abkhazia as independent states by comparing the situation in the separatist regions to that of Kosovo. However, Kosovo was a unique case and not a precedent for any other conflict, neither Georgia's breakaway territories nor any other separatist movement. When responding to Russian officials it is best to let the facts speak for themselves. In 1999, following the ouster of Milosevic's military from Kosovo, the UN Security Council set the framework for resolving Kosovo's status in UN Security Council Resolution (UNSCR) 1244, which was adopted without any dissents (China abstaining). Among other things, UNSCR 1244 denied Serbia a role in governing Kosovo; authorized the establishment of an interim UN administration for Kosovo; provided for local self-government; and envisioned a UN-led political process to determine Kosovo's future status. UNSCR 1244 contemplated independence as a possible outcome of that process.

Thus, Kosovo was never a breakaway territory (like South Ossetia or Abkhazia), but had a status recognized by the UN Security Council. Unlike in Kosovo, there is no UN-sanctioned international administration is Abkhazia or South Ossetia. There is no international security force operating under UN authorization or mandate and Russia's actions in Georgia fly in the face of UNSCR 1808, the most recent of many Security Council Resolutions of Georgia, passed on 15 April 2008, which explicitly "Reaffirms the commitment of all Member States to the sovereignty, independence and territorial integrity of Georgia within its internationally recognized borders. . . ." There are no security guarantees to protect different ethnic communities, and Russia has failed for nearly two decades to create the conditions for the return of refugees. On the contrary, Russia has deliberately avoided using available avenues to bring resolution to the protracted conflicts in Abkhazia and South Ossetia.

Question. Can you assure the committee that the events of the past month have not led to any disruption or delay in ongoing bilateral and multilateral efforts to reduce the threat of weapons of m ass destruction in the Russian Federation and former Soviet Union as a whole (the Nunn-Lugar Cooperative Threat Reduction Program)?

Answer. Proliferation threat reduction under the Nunn-Lugar program remains on track despite Russia's attack on Georgia. Activities are ongoing since it still benefits the national security interests of the United States to provide assistance to eliminate nuclear weapons and their delivery systems at the source, to consolidate and secure potential WMD materials and prevent their smuggling, to increase transparency and a high standard of personnel conduct, and to redirect efforts of former WMD scientists toward productive use.

Under the Nunn-Lugar Cooperative Threat Reduction (CTR) program we have had many successes with the countries that emerged from the breakup of the Soviet Union after 1991. For example, nuclear weapons are being transported securely from the operational bases where they are being deactivated to secure storage or dismantlement. Delivery systems such as strategic submarines with submarine-

launched ballistic missiles, land-based silo-launched ICBMs such as SS-18s and SS-19s, and SS-25 road-mobile systems are being eliminated. Since 2001 when the limits of START I were met, the number of START-accountable warheads remaining on strategic delivery systems of the former Soviet Union has decreased from 6,000 to approximately 4,000, a net reduction of approximately 2,000 warheads in 7 years. It is in the U.S. interest to continue to cooperate in reducing proliferation risks not only through CTR but also through multilateral and other partnership programs, such as the Global Partnership Against the Spread of Weapons and Materials of Mass Destruction and Global Initiative to Combat Nuclear Terrorism.

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