

## CRITICAL QUESTIONS

**Russia's Reengagement in the Western Hemisphere: Just Business or a Geopolitical Gambit?**

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**Q1: What is the significance of Russia's engagement with Venezuela?**

**A1:** The deepening political, economic, and military relations between Russia and Venezuela are somewhat opportunistic, but they do involve a strategic interest that the two governments share: challenging U.S. hemispheric and global leadership.

The arrival of a Russian naval squadron and antisubmarine aircraft in the Caribbean for exercises with the Venezuelan Navy this week marks Moscow's first significant military deployment in the Western Hemisphere since the resolution of the Cuban Missile Crisis in 1962. However, this exercise presents a political rather than a serious military challenge to the United States. Venezuelan president Hugo Chávez and the Russian leadership see the exercise as a provocative way to challenge U.S. influence in Latin America and what they describe as Washington's "unipolar vision." The leaders of both countries have other agendas as well.

The exercise allows Chávez to hype his accusations of a growing U.S. threat to the region and the notion that Latin American leaders should look elsewhere for security partners. In the aftermath of the Georgian war, Moscow wants to put Washington on notice that if the United States continues to support countries like Georgia, which Russia claims as part of an exclusive sphere of influence along its borders, it is prepared to intrude in the United States' backyard. The fact that the Russian squadron could deploy far from its Barents Sea base is remarkable, given the poor state of the Russian Navy, illustrated by yet another submarine disaster earlier this month. Although President Dmitri Medvedev is committed to military modernization, Russia spends about one-tenth what the United States does on defense. It will be years before Russia can sustain even such modest long-distance operations.

The Russian leadership finds Chávez's anti-American politics quite useful. It is telling that Deputy Prime Minister Igor Sechin, a staunchly anti-American member of Prime Minister Vladimir Putin's cabinet and who served in Soviet times as a senior KGB operative in Africa, is managing the Chávez relationship. Chávez has been given a red carpet reception in Moscow during four recent visits to Russia (July 2006, June 2007, July 2008, and September 2008), and President Medvedev is stopping in Caracas, now conveniently coincident with the rescheduled naval exercise, on the way home from the Asia-Pacific Economic Cooperation (APEC) summit. This has paid Moscow some political dividends. During his August visit, which included a reception at Putin's Moscow home, Chávez usefully blamed the United States for the Georgian war and lauded Russian recognition of South Ossetia and Abkhazia as "honorable acts." Chávez and the Russians also signed energy deals between Gazprom and PDVSA, the Venezuelan state-owned petroleum company, for gas exploration. During his visit to Caracas this week, Medvedev is expected to announce plans to build Venezuela's first nuclear reactor and possibly agree to additional arms transfers, including submarines.

Finally, as discussed below, Russia values Venezuela as a client for its arms that can readily pay cash. Arms exports have been critical to sustaining Russia's defense industrial base over the past two decades of reduced procurement at home. As its relatively unsophisticated weapons systems have become less attractive to longtime customers such as India and China, Russia has been anxious to find new markets.

**Q2: Does Medvedev's visit to Latin America mark the beginning of a new period of competition between the United States and Russia?**

**A2:** President Medvedev has denied that his visit to Latin America is designed to challenge the U.S. role in the hemisphere and has suggested that such zero-sum thinking is a relic from the Cold War. Medvedev claims he is simply trying to revive ties with Latin America, which have languished since the collapse of the Soviet Union, and to pursue mutually beneficial economic relations. However, it is clear that Medvedev is seeking to expand Russian influence in the Western Hemisphere, hoping to take advantage of his country's new energy-driven economic clout and lingering negative sentiment toward Bush administration policies during the U.S. political transition.

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However, Medvedev's hand is weaker than when he planned his trip. Moreover, falling oil prices and the global financial crisis, which have hit Russia particularly hard, have raised questions about Russia's reliability as an economic partner. A recent Latinobarómetro poll confirmed diminished U.S. influence, but it also revealed that most Latin American countries strongly desire more cooperative relations with the United States. The election of Barack Obama has raised hopes throughout the region that a new era in hemispheric relations is dawning, and Latin American leaders want to be on the right side of history.

Medvedev's visit to Brazil was designed to advance cooperation on aerospace, energy development, and nuclear propulsion projects and to promote sales of Russian military equipment. However, Brazil has other suitors on the military sales, including France, with whom it is expected to sign a strategic partnership agreement next month for licensed production of French submarines and helicopters to modernize its defense forces and industry. Brazil is also expected to drive a hard bargain with the Russians on Gazprom's interest in a partnership to develop Brazil's newfound oil reserves. Moreover, advisers to Brazilian president Luiz Inácio Lula da Silva have made clear that he has no desire to foul relations with Washington at the outset of the Obama administration.

Medvedev's stop in Cuba marks the first trip by a Russian leader to the island in eight years. The Kremlin announced earlier this month a loan of \$335 million to Cuba for purchasing Russian goods and services. That compares with \$300 million in trade for all of 2007. Moscow is also reportedly considering reestablishing Soviet-era intelligence cooperation with Cuba and exploring offshore oil potential. This kind of engagement is welcomed by the Cuban leadership, but it is unclear what kind of assistance Moscow can sustain. Moreover, U.S. relations with Cuba could undergo a dramatic transformation during the Obama administration.

**Q3: What role do Russian arms sales play in Latin America?**

**A3:** Since 2005, Russia has found a ready client in Venezuela. President Chávez has already purchased \$4 billion worth of weapons, including 24 SU-30 multirole combat aircraft, dozens of attack helicopters, and 100,000 assault rifles and ammunition. A Russian firm plans to build two factories by 2010 for licensed production of AK-103 assault rifles and ammunition in Venezuela. The new rifles will replace aging FAL rifles, but the concern is that the older ones, and some of the AK-103s including ammunition, will fall into the hands of the Revolutionary Armed Forces of Colombia (FARC) insurgency. The fear is well-founded given the FARC's difficulty in getting ammunition for its AK-47 rifles, all of which use the 7.62X39 mm rounds. (An agreement among Latin American militaries to standardize ammunition to 5.56X45mm was made between 1998 and 2007. The Venezuelan decision to develop a different caliber ammunition is troubling, given the limited demand—except for older model rifles like the ones carried by Colombian guerrillas.) Nevertheless, 80 percent of Russia's arms sales in the region go to Venezuela, and sales are considered to be a business venture rather than an ideological one. What is of concern, however, is that the volume of sales to Venezuela may trigger a regional arms race, thus inviting many other weapons exporters into the trade.

**Q4: What has the regional response been to Russia's overtures to Venezuela?**

**A4:** Not surprisingly, the strongest reactions came from Colombia, where Russian foreign minister Sergei Lavrov paid an official call on November 19. During the visit, Lavrov insisted that Russia's desire in Latin America was for cooperation and development. He emphasized Russia's interests in investments in the energy sector and also in infrastructure. Nevertheless, Senator María Lucía Ramírez, a former defense minister under President Alvaro Uribe, has asked that the Unión de Naciones Suramericanas (UNASUR) Defense Council take up the matter of Russian-Venezuelan relations given the potential risks that such a relationship poses to hemispheric security. Colombians are especially fearful of Russian weapons getting into the hands of the guerrillas. An even stronger reaction came from Colombian foreign minister Jaime Bermudez, who told his Russian counterpart that Russia and Venezuela must respect the international boundaries between Colombia and Venezuela, a response to Lavrov's recent denial of Russian complicity in selling arms to the FARC. In the Southern Cone, Argentine defense minister Nilda Garre has taken a more cooperative approach with Russia, agreeing to ask that Russia be given observer status at the Latin American Association for Training Centers in Peace Operations (ALCOPAS). This was the outcome of a recent meeting between Russian federal secretary of technical military cooperation Mijail Dmitriev and Garre. Argentina is seeking some reciprocal training for an Argentine air force officer to

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participate in Russia's astronaut program. Brazil sees engagement with Russia as a partnership, but does not consider any commercial or political relationship to be as important as the one Brazil wants to have with the new Obama administration next year. Brazilian minister of strategic affairs Roberto Mangabeira Unger noted that Brazil was "not interested in some kind of balance of power politics to contain the United States." Given the overall sense that the change in U.S. leadership provides a window of opportunity to reengage in the region, most Latin American countries are not treating this as anything but a one-off effort by President Chávez to use Russia's naval exercises to show Washington that this hemisphere is no longer dominated by the United States.

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