

# **Russia and the G8**

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**An overview of Russia's integration into the G8**

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## Table of Contents

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<b>Section:</b>	<b>Page:</b>
Preface	3
The Group of Eight (G8)	4
Executive Summary	5
1. History of Russia and the G8	6
2. Potential for Full Integration	10
3. Pending Issues for St. Petersburg	12
4. Chief Agenda Items Set by the Russian Federation	14
5. Primary Russian Goals and Objectives for the Summit	18
6. G8 Attitudes toward the Russian Presidency	19

## Preface

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The G8 Research Group (G8RG) is an independent organization based at the University of Toronto. Founded in 1987, it is an international network of scholars, professionals and students interested in the activities of the Group of Eight (G8). To date it is the largest source of independent research and analysis on the G8, its member states, and related institutions in the world. The G8RG also oversees the G8 Information Centre, which publishes, free of charge, academic analyses and reports on the G8 and makes available, official documents issued by the G8. Virtually all G8 documents referred to in this report are available on the G8RG website ([www.g8.utoronto.ca](http://www.g8.utoronto.ca)) without cost.

This report was compiled by the Civil Society and Expanded Dialogue (CS-ED) Unit of the G8 Research Group under the leadership of Janet Chow and Adrian Morson. The CS-ED Unit conducts research and analysis on the G8's ongoing relationship with major external stakeholders, including emerging economies and civil society. The group also publishes thematic reports on the G8's past and present involvement in issues that will be discussed at the upcoming summit. In addition to this report, the CS-ED has worked throughout the 2005/2006 academic year to produce: *The G8 and Russian Initiatives: Energy Security, Global Health, and Education*; *Expanding the Dialogue II: The G8 and Emerging Economies after Gleneagles*; and *Assessing the Relationship between Civil Society and the G8 – Russia and Civil Society and Post-Gleneagles Civil Society Action on Climate Change*. All of these documents are available free of charge on the G8RG website as of July 2006.

The G8 Research Group also hosts the G8RG Analysis Unit, which releases two reports per year detailing the G8's compliance with commitments made across a number of issue areas in the interim year between summits. These parallel reports contain further analysis on issues pertaining to the priorities determined by the Russian Presidency as well as other issue areas of G8 activity defined more broadly. The G8RG Analysis Unit also releases a pre-summit report detailing prospects for the upcoming leaders' meeting according to country and issue area. These are available under "Analytical and Compliance Studies" on the G8RG website.

The G8 Research Group and CS-ED Unit welcome responses to this report. Any comments or questions should be directed to [g8@utoronto.ca](mailto:g8@utoronto.ca). Responsibility for the report's contents lies exclusively with the authors.

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## The Group of Eight (G8)

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The Group of Eight (G8) is comprised of the eight leading industrialized democracies in the world: Canada, France, Germany, Italy, Japan, Russia, the United Kingdom, and the United States. Together, these eight states account for 48% of the global economy and 49% of global trade, hold four of the United Nations' five Permanent Security Council seats, and boast majority shareholder control over the International Monetary Fund (IMF) and the World Bank. The G6 (Canada and Russia excluded) originally met in Rambouillet, France in 1975 to discuss the economic impact of the OPEC oil crisis and the end of the US-dollar gold standard regime. In 1976, they were joined by Canada, with Russia gaining membership in 1998.

Each year, the leaders of these states meet at an annual summit in what is the most powerful and intimate meeting of global leaders anywhere in the world. Unlike other multilateral meetings, leaders at the G8 Summit meet privately behind closed-doors; there are no aides or intermediaries and there are few scripts or protocols. For some, the G8 is a concert of powers operating the most relevant centre for global governance, with its flexibility and dynamism making it far more effective than the post-1945 institutions, namely the United Nations (UN). For others, the G8 is an unelected 'committee that runs the world,' an epicenter of global capitalism and neo-colonialism. In the past, the G8 has discussed and made joint commitments on a variety of issue areas that relate to the international economy, nuclear counter-proliferation and disarmament, peacekeeping, terrorism, energy, global health, education, climate change, and regional security.

While there are disagreements over its intentions, few deny the reach and scope of the G8's influence and control. While originally conceived as an economic gathering, the G8 Summit has now become a major arena for international action on HIV/AIDS, weapons of mass destruction (WMDs), terrorism and global trade. Past G8 Summits have produced such landmark agreements as the 1995 reform of the World Bank and IMF, the 1999 Enhanced HIPC Initiative for debt relief, and the 2001 Global Fund for HIV/AIDS, Malaria and Tuberculosis.

Since the 2001 Summit in Genoa, however, alternative-globalization advocates have made the G8 Summit a central focus in their debates over the economic and environmental responsibilities of the North to the South. Their concerns have also raised bold new questions concerning issues of accountability and transparency in globalization and have succeeded in shifting the G8's attention towards global poverty, fighting infectious diseases such as HIV/AIDS, and the Millennium Development Goals. The agenda for the 2006 St. Petersburg Summit, dominated by the priority subjects of International Energy Security, Global Health (i.e. infectious diseases), and Education are indicative of the institution's widened scope and its recognition of the issues that challenge the world today.

Unlike many of the traditional multilateral organizations, such as the United Nations or the North American Treaty Organization (NATO), there is no permanent secretariat, staff or headquarters for the G8. Instead, the Group is maintained through the cooperation and coordination of national bureaucrats primarily in the foreign affairs and finance ministries of member-states. The Presidency of the G8 rotates on an annual basis. This year the Russian Federation holds the G8 Presidency for the first time, followed by Germany in 2007 and Japan in 2008.

## Executive Summary

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On the 1<sup>st</sup> of January, 2006, the Russian Federation (Russia) assumed, for the first time, the chairmanship of the Group of Eight (G8) leading industrialized nations. Russia's evolution from Cold War adversary to member of the G8 has been long and complex. In a highly politicized and rapidly changing international context, Soviet Union President Mikhail Gorbachev initiated the transition in 1989 by calling for cooperation between the G7 and the Communist state. This first step was followed by a series of events that saw the increasing involvement of the new state of Russia in the G8 process: G7 leaders extended to Gorbachev an invitation to attend a meeting following their 1991 Summit in London; the G8 was born at the 1998 Birmingham Summit, where Russia participated fully as a Group member; G8 leaders at the Kananaskis Summit in 2002 made the historic decision to grant full chairmanship responsibilities to Russia in 2006; and today, Russia finds itself in its inaugural year as Chair of the G8 and host of the upcoming G8 Summit in St. Petersburg, Russia this July.

Russia's path towards full integration has undeniably seen achievements and progress. Nevertheless, challenges remain. As it prepares to host the world's top political leaders in St. Petersburg next month, the Russian Presidency faces a plethora of issues including: recent tensions with Ukraine and the broader international community over oil prices, concerns about its relations with Iran, international scrutiny of its economic and political reforms, and civil societal disapproval of its broad restrictions of freedoms of association and assembly imposed by recent legislation (the so-called "NGO Law") passed in early 2006. Russia is keen to refute the often-voiced claim that it is an irrelevant and illegitimate member of the G8, and seems poised to ensure that the St. Petersburg Summit is a substantial success.

In light of Russia's role as Chair of the G8, the G8 Research Group Civil Society and Expanded Dialogue Unit at the University of Toronto has produced the following report which provides an overview of Russia's integration into the G8, current issues surrounding its membership, and prospects for the St. Petersburg Summit. The report is divided into six sections: ***A History of Russian Integration*** features, in greater detail, the significant events, summits and milestones since Gorbachev's initial call for cooperation in 1989. ***Potential for Full Integration*** describes the barriers to Russian integration into the G7 Finance Ministerial process. ***Pending Issues for St. Petersburg*** explores the issues surrounding the current Russian Presidency, including the "democratic deficit," the passage of a controversial NGO law, and the recent debacle with Ukraine. ***Chief Agenda Items Set by the Russian Federation*** describes the focal areas for the Russia and the G8 at the upcoming Summit: Energy Security, Global Health and Education. ***Primary Russian Goals and Objectives for the Summit*** explores the Russian government's objectives beyond its commitment to the aforementioned priorities. Occupying a place among world economic powers, for example, is a key goal of the Russian Presidency. Finally, ***G8 Attitudes toward the Russian Presidency*** examines how, despite negative pronouncements on the legitimacy of Russia's place in the 'elite club of nations', leaders of the G8 countries have refrained from publicly asserting any anti-Russian policies. All G8 leaders have, at the time of our writing, confirmed their attendance at the St. Petersburg Summit.

To the extent that Russia's integration has provoked in the G8 a renewal of debate about the issues above, and about the group's purpose and principles generally, so too may it catalyze novel discourse and change in Russia itself. To be sure, any such speculation must be tempered by skeptical scrutiny, but present tensions might nevertheless be hoped to give way to mutual and sustainable growth. July's Summit and the transitions it represents will be a test not only for the progress of the Russian Federation, but for the continued relevance and resilience of the G8 at large.

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## 1. History of Russia and the G8

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In 1991, in light of new developments in the Soviet Union in the fields of economic reforms and democratization, the Group of Seven (G7) leading economic nations invited President Mikhail Gorbachev to London for a post-G7 summit meeting.<sup>1</sup> He did not attend the Summit *per se* but met with G7 leaders individually and collectively, and discussed in detail, the plans for Soviet economic and political reform.<sup>2</sup> In what evolved into regular practice, these post-G7 summit meetings with the Soviet Union, and later Russia, would focus on dealing with assistance to Russia in its transformation into a democratic member of the world order.<sup>3</sup>

Soviet initiatives, known as perestroika (reconstruction) and glasnost (openness), introduced economic reforms within the existing command economy structure in order to facilitate the further integration of the Soviet Union into the global economy and allow for an increase in the freedom of speech within Soviet society. Since the 1991 London Summit, representatives of the Russian Federation and the G7 countries have been engaged in a long process aimed at fully integrating the former superpower into the world economy to accompany the other G7 major industrialized democracies. Russian integration into the G7/G8 processes has always been linked to its commitment to economic reforms, a continuing process of democratization, and cooperation with major international institutions. In an examination of this long and complex process, two significant events emerge that represent important advances: the 1997 Denver G7 Summit in which the G7 became the G8, thus formally giving Russia equal status; and the 2002 Kananaskis G8 Summit in which it was decided that the 2006 summit would be held in the Russian Federation, finally integrating Russia into the G8 summit-hosting cycle.

### **Early stages: 1989-1991**

The 1991 London Summit marked the first formal step in the Russian Federation's integration into the G7 structure. The process began in 1989 when Mikhail Gorbachev, President of the Soviet Union, sent a letter to that year's summit host, President François Mitterrand of France, calling for cooperation between the G7 and the Soviet Union on major developments in the world economy.<sup>4</sup> At the 1990 Houston Summit, the G7, supportive of President Gorbachev's economic and political reforms and concerned with the Soviet Union's deteriorating economy, called upon the International Monetary Fund (IMF), the World Bank, the Organization for Economic Cooperation and Development (OECD), and the European Bank for Reconstruction and Development (EBRD) to compile a study of the Soviet economy. That study outlined the actions necessary for Soviet reformation and the conditions under which the West could assist the Soviet Union.<sup>5</sup> Specifically, the report recommended fiscal and monetary discipline, as well as the creation of a framework for the development of a market economy in the Soviet Union, as preconditions for successful economic reform.<sup>6</sup> In 1991, the G7 invited President Gorbachev for a post-summit meeting in London. The G7 leaders stated their commitment to assist the Soviet Union's integration into the world economy and to support President Gorbachev's efforts to create an open and pluralistic democracy.<sup>7</sup>

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<sup>1</sup> The Course of Summity – The Summit and the Soviet Union, *The World Today* 48, No.2 (Toronto), February 1992, pp. 27-30. Date of Access: 28 December 2005. <http://www.g8.utoronto.ca/scholar/bayne1992/bayne3.htm>.

<sup>2</sup> From G7 To G8: Evolution, Role and Documentation of a Unique Institution, Columbia International Affairs Online, Edited by Hajnal, Peter I., (April 1998).

<sup>3</sup> The Diplomacy of Concert: Canada, the G-7 and the Halifax Summit, G8 Information Centre, (Toronto), Date of Access: 15 June 2006. <http://www.g7.utoronto.ca/scholar/kirton199501/cfp95glo.htm>.

<sup>4</sup> Texte De La Lettre Adressée Par M. Mikhail Au Président De La République Française, G8 Information Centre, (Toronto), 14 July 1989. Date of Access: 6 January 2006. [http://www.g8.utoronto.ca/summit/1989paris/letter\\_french.html](http://www.g8.utoronto.ca/summit/1989paris/letter_french.html).

<sup>5</sup> Texte De La Lettre Adressée Par M. Mikhail Au Président De La République Française, G8 Information Centre, (Toronto), 14 July 1989. Date of Access: 6 January 2006. [http://www.g8.utoronto.ca/summit/1989paris/letter\\_french.html](http://www.g8.utoronto.ca/summit/1989paris/letter_french.html).

<sup>6</sup> Economic Declaration: Building World Partnership – Soviet Union, G8 Information Centre, (Toronto), 17 July 1991. Date of Access: 15 December 2005. <http://www.g8.utoronto.ca/summit/1991london/communiqué/soviet.html>.

<sup>7</sup> Economic Declaration: Building World Partnership – Soviet Union, G8 Information Centre, (Toronto), 17 July 1991. Date of Access: 15 December 2005. <http://www.g8.utoronto.ca/summit/1991london/communiqué/soviet.html>. See also: "Political Declaration: Strengthening the International Order", G8 Information Centre, (Toronto), 16 July 1991. Date of Access: 16 December 2005. <http://www.g8.utoronto.ca/summit/1991london/political.html>.

### ***“Carrots” for the new Russian state***

On 6 July 1992, Russian President Boris Yeltsin, the first Russian leader to be democratically elected, arrived in Germany to participate in the Munich G7 Summit. Eager to build on the progress made in the previous year, President Yeltsin and US President George H.W. Bush unsuccessfully petitioned the G7 to admit Russia as a full member of the organization. Despite rejecting Russia's membership bid, the G7 continued its financial support of Russia's transition into the democratic market system by granting Yeltsin a US\$4.5 billion aid package.<sup>8</sup> Russia was given another \$43.4 billion in emergency aid the following year in Tokyo, Japan, that would include the deferral of Russian debts worth \$15 billion.<sup>9</sup> Skeptics coined the G7's financial aid to Russia during this time a “carrot held out to Boris Yeltsin's chaotic but friendly state”<sup>10</sup> as it slowly moved towards new economic reforms. Indeed, it appeared as though the more receptive Russia was to internal reforms, the more generous the G7 became with its aid packages.

After a series of meetings with G7 officials on 7-9 July 1993 and 26-27 February 1994, Yeltsin announced plans to abolish the former Communist export-control committee (COCOM) and vowed to cut inflation rates from 20% to 7%. Pleased with Russian progress on this and other fronts in its evolution to a market-oriented economy, the G7, World Bank and IMF began increasing their aid to Russia in hopes that these reformations would continue. The 1993 Tokyo G7 Summit saw the leaders welcome the creation of the International Monetary Fund's Systemic Transformation Facility and the \$1.5 billion disbursement to Russia that accompanied it.<sup>11</sup> With this, and other commitments, the G7 recognized “the importance of improved market access for economic progress in Russia” and agreed to “intensify efforts to adapt export controls to the post-Cold War era.”<sup>12</sup>

### ***Increasing involvement in the 1990s***

Since its first interaction with the G7 in 1991, Russia began to establish its presence on the world stage. By the 1994 Naples Summit, Russia had again become so inextricably involved in the affairs of the group that it came to be referred to not as the G7, but rather the “Political Eight” (P8), or, more colloquially, the “G7-Plus-One.” While most countries remained hesitant to confer full member status to Russia, achieving partial recognition in both the G7's operations and title in three short years was nonetheless considered a major accomplishment. Though the organization would maintain the transitional name until the 1996 Lyon Summit, Russia strove to increase its international profile by hosting a number of lower-level ministerial meetings as well as the more prominent Nuclear Safety and Security Summit from 19-20 April 1996. At the 1996 Lyon Summit, the issue of Russia's official standing within the P8 was strictly avoided as member-states attempted to strike a balance between supporting democratic progress in Russia and maintaining the status quo of the organization. Consequently, delegates treated Russia with due deference while declining to endorse a “Lyon-plus” formula for increasing Russian participation.<sup>13</sup>

During the American chairmanship of the G7 in 1997, the process gained a new working title: “Summit of the Eight.” While this was not the full-fledged Group of Eight scenario that Yeltsin had lobbied for, with Russia's admission into the Paris Club of Creditor Nations on 26 June 1997 and the promise of hosting an energy conference in Moscow later that year, Russia was slowly integrating itself into the G7's

<sup>8</sup> From G7 To G8: Evolution, Role and Documentation of a Unique Institution, Columbia International Affairs Online, Edited by Hajnal, Peter I., (April 1998).

<sup>9</sup> “History of Relations between G-7 and Russian Federation”, G8 Information Centre, (Toronto), July 1994. Date of Access: 2 January 2005. <http://www.g8.utoronto.ca/summit/1994naples/russian/4.html>.

<sup>10</sup> “The hard politics of Russia's new global power”, The Independent, (London), 30 December 2005. Date of Access: 2 January 2006. [http://comment.independent.co.uk/leading\\_articles/article335594.ece](http://comment.independent.co.uk/leading_articles/article335594.ece).

<sup>11</sup> Economic Declaration: A Strengthened Commitment to Jobs and Growth - Russia and the Other Countries in Transition, Summit Communiqué, (Tokyo), 13 July 1993. Date of Access: 15 June 2006. <http://www.g8.utoronto.ca/summit/1993tokyo/communiquel/russia.html>.

<sup>12</sup> Economic Declaration: A Strengthened Commitment to Jobs and Growth - Russia and the Other Countries in Transition, Summit Communiqué, (Tokyo) 13 July 1993. Date of Access: 15 June 2006. <http://www.g8.utoronto.ca/summit/1993tokyo/communiquel/russia.html>.

<sup>13</sup> Performance Assessment: The 1996 Lyon Summit of the Eight on Political Security and Global Issues, G8 Information Centre, (Toronto), 29 June 1996. Date of access: 22 December 2005. <http://www.g7.utoronto.ca/evaluations/1996lyon/poligrades.htm#russia>.

practical operations. While the 1997 Denver Summit did not produce any other remarkable new initiative for Russia, the Summit of the Eight was considered by most to be an exciting sign of things to come: according to Sir Nicolas Bayne, "Denver was a summit of promise rather than achievement; more interesting for what it started than what it completed."<sup>14</sup> Moreover, according to the Denver host leader, US President William Clinton, "we believe we are stronger because we now have Russia as a partner...evidence of Russia's emergence as a full member of the community of democracies."<sup>15</sup> It would be left to the 1998 Birmingham Summit to complete what the Denver Summit had initiated. In January 1998, Great Britain assumed the presidency and quickly began preparations to host the first ever Group of Eight (G8) meeting. After 70 years of Communist rule and seven years of political lobbying, Russia's new-found democratic credentials, economic reforms and commitment to free markets were cited as justification for full G8 membership.<sup>16</sup>

Birmingham proved a strong debut for the Russian Federation, as its delegates provided a strong voice during discussions related to crime, employability, and debt. The summit also afforded Russia the opportunity to create new partnerships and to repair old relationships. Efforts to normalize relations with Japan in particular were made prior to the summit in a series of "no necktie" meetings with Japanese Prime Minister Ryutaro Hashimoto. At a meeting following the 1997 Birmingham Summit, Yeltsin and Japanese Prime Minister Hashimoto met at a Siberian forest retreat house and they agreed on what was called the "Hashimoto-Yeltsin Plan", which was a wide-ranging pact on trade, energy, investment and personnel training which included Japanese help with Russian economic reforms.<sup>17</sup> Additionally, both sides sought more cooperation on regional security issues and agreed to examine the possibility of conducting joint naval exercises for humanitarian purposes.<sup>18</sup> Russia also sought to develop stronger understandings with the French and German states, with whom they continue to meet regularly in the Troika Summits. These summits are seen by President Putin as "extension of the general line towards settling crucial international problems and issues in relations between these countries."<sup>19</sup> German Chancellor Gerhard Schroeder mirrored Putin's feelings towards the trio's meetings by commenting: "The benefits of such meetings are great, because the prosperity and well-being of the people of Russia and Europe depends on it."<sup>20</sup>

Following the 1997 Birmingham summit, President Yeltsin was so enthusiastic about his country's performance that he declared Russia should be eligible to host its own summit no later than 2000, when his presidential term expired.<sup>21</sup> However, despite its strong first showing on the main stage of world politics, Russia was found lacking in many of the political and economic areas necessary to make it a meaningful G8 contributor worthy of hosting its own summit. In Birmingham, the Russian Federation was conspicuously absent from most agreements requiring a financial obligation and attempted to dilute those in which it did not participate. For example, during talks over the Antipersonnel Landmines following the 1997 Denver Summit, the Russian government offered little more than verbal support for the initiative in that it was unclear at the time whether Russia had the capacity to meet their promises for expenditures on such an initiative.<sup>22</sup> Such is an example of the reasons behind Russia's continued exclusion from the G7

<sup>14</sup> Impressions of the Denver Summit, G8 Information Centre, (Toronto), June 1997. Date of Access: 2 January 2006. <http://www.g7.utoronto.ca/evaluations/1997denver/impression/forepol.htm>.

<sup>15</sup> From G7 To G8: Evolution, Role and Documentation of a Unique Institution, Columbia International Affairs Online, Edited by Hajnal, Peter I., (April 1998).

<sup>16</sup> From G7 To G8: Evolution, Role and Documentation of a Unique Institution, Columbia International Affairs Online, Edited by Hajnal, Peter I., (April 1998).

<sup>17</sup> Leaders of Russia, Japan meet for summit, CNN World News, (Krasnoyarsk), 1 November 1997. Date of Access: 15 June 2006. <http://edition.cnn.com/WORLD/9711/01/russia.japan/>.

<sup>18</sup> Leaders of Russia, Japan meet for summit, CNN World News, (Krasnoyarsk), 1 November 1997. Date of Access: 15 June 2006. <http://edition.cnn.com/WORLD/9711/01/russia.japan/>.

<sup>19</sup> Russia-Germany-France troika not closed club: Putin, *Itar-Tass* in People's Daily Online, 1 September 2004. Date of Access: 15 June 2006. [http://english.people.com.cn/200409/01/eng20040901\\_155574.html](http://english.people.com.cn/200409/01/eng20040901_155574.html).

<sup>20</sup> Russia-Germany-France troika not closed club: Putin, *Itar-Tass* in People's Daily Online, 1 September 2004. Date of Access: 15 June 2006. [http://english.people.com.cn/200409/01/eng20040901\\_155574.html](http://english.people.com.cn/200409/01/eng20040901_155574.html).

<sup>21</sup> Impressions of the Birmingham Summit, G8 Information Centre, (Toronto), 17-19 May 1998. Date of Access: 3 January 2006. <http://www.g7.utoronto.ca/evaluations/1998birmingham/impression/russia.html>.

<sup>22</sup> Compliance with G8 Commitments: From Denver 1997 to Birmingham 1998, G8 Research Group (Toronto). Date of Access: 15 June 2006. <http://www.g7.utoronto.ca/evaluations/1998birmingham/compliance/mines.htm>.



Finance Ministerial meetings, the G8's economic subset that conducts meetings between the Finance Ministers of the original G7 nations. Though economic development remains a major barrier to Russia's full integration into the organization, other G8 countries encouraged the country to continue to pursue democratic reforms and free market liberalization as proof of its potential as both a future host country and a reliable trade partner.

### ***A landmark decision at the 2002 Kananaskis Summit***

In the years following Russia's addition to the political apparatus of the G8, it has devoted its efforts to winning further debt reduction agreements from the other members and lobbying for Finance Ministerial membership. Though Russia's attempts at economic integration within the G7 Finance Ministerial process have so far remained unsuccessful, it did achieve a victory when it was declared host of the 2006 summit at the 2002 Kananaskis Summit – an announcement that was the first of any significance at Kananaskis.<sup>23</sup> In a joint news conference, all eight heads of state assembled to read the short statement:

*Today, we reached an historic decision on the future of the G8. In 2006, we have agreed that Russia will assume the presidency and host our annual Summit. The world is changing. Russia has demonstrated its potential to play a full and meaningful role in addressing the global problems that we all face. This decision reflects the remarkable economic and democratic transformation that has occurred in Russia in recent years and in particular under the leadership of President Putin.*<sup>24</sup>

The Kananaskis Summit, therefore, marked “a major shift in the G7's relationship with Russia.”<sup>25</sup> This shift however, was not easily taken. As John Kirton of the G8 Research Group noted, the process of Russia's integration into the summit cycle “reflected the outcome of a longstanding debate in which Germany, backed by France, supported Russia's early insertion, with Japan, Britain and the United States urging delay.”<sup>26</sup> Ultimately, the decision to insert Russia into the summit cycle, but not for an additional four years, was seen as a compromise. Allowing Russia's insertion thus recognized the significant economic reformation that had occurred within the state, while delaying the summit for an additional four years would allow time for further economic development<sup>27</sup> and to allow time for the Russians to become members of the World Trade Organization (WTO).<sup>28</sup> Finally, Kananaskis also saw the G7 leaders grant Russia “Market Economy Status” in the hope that “these moves [would] constitute a significant further step in building a strong partnership with Russia on security and economic issues.”<sup>29</sup>

The four years since the Kananaskis Summit has seen Russia establish itself as an influential figure in political affairs and, though Finance Ministerial membership remains elusive, the invitation to observe the Finance Ministerial meeting on 17 May 2003 in Deauville, France, signaled potential future progress in that domain as well. A strong showing as host nation in 2006 could prove to be the turning point in Russia's full integration into the G7 Finance Ministerial process.

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<sup>23</sup> The Russian 2006 G8 Hosting Decision, G8 Research Group, (Calgary), 27 June 2002. Date of Access: 14 June 2006. [http://www.g8.utoronto.ca/evaluations/2002kananaskis/assess\\_russia.html](http://www.g8.utoronto.ca/evaluations/2002kananaskis/assess_russia.html).

<sup>24</sup> Russia's Role in the G8, G8 Research Group, (Kananaskis), 26 June 2002. Date of Access: 15 June 2006. <http://www.g8.utoronto.ca/summit/2002kananaskis/russiasrole.html>.

<sup>25</sup> Prime Minister's statement on G8 Summit, (London), 1 July 2002. Date of Access: 15 June 2006. <http://www.number10.gov.uk/output/Page1721.asp>.

<sup>26</sup> The Russian 2006 G8 Hosting Decision, G8 Research Group, (Calgary), 27 June 2002. Date of Access: 14 June 2006. [http://www.g8.utoronto.ca/evaluations/2002kananaskis/assess\\_russia.html](http://www.g8.utoronto.ca/evaluations/2002kananaskis/assess_russia.html).

<sup>27</sup> The Russian 2006 G8 Hosting Decision, G8 Research Group, (Calgary), 27 June, 2002. Date of Access: 14 June, 2006. [http://www.g8.utoronto.ca/evaluations/2002kananaskis/assess\\_russia.html](http://www.g8.utoronto.ca/evaluations/2002kananaskis/assess_russia.html).

<sup>28</sup> Prime Minister's statement on G8 Summit, (London), 1 July, 2002. Date of Access: 15 June, 2006. <http://www.number10.gov.uk/output/Page1721.asp>.

<sup>29</sup> Prime Minister's statement on G8 Summit, (London), 1 July 2002. Date of Access: 15 June 2006. <http://www.number10.gov.uk/output/Page1721.asp>.

## 2. Potential for Full Financial Integration

In 1998, the Russians confessed that they were “the poorest of the rich” and not yet prepared to become full-time members of the Finance Ministerial process.<sup>30</sup> However, driven by its vast pool of natural resources, particularly in oil and natural gas, and strong market demand, Russia has transformed into a modern market economy poised for the final phase of G8 integration. In the past eight years, Russia has quietly kept pace with some of the world’s fastest growing economies, including those of China and India, averaging a 6.84% rate of GDP growth over the past five years.<sup>31</sup> It is currently the world’s largest non-OPEC oil exporter, second only to Saudi Arabia in overall production, and has plans to further increase average oil production to 9.35 million barrels per day (bbl/d) to meet soaring consumer demand.<sup>32</sup> With oil prices predicted to remain well above the \$50-per-barrel mark for the foreseeable future, the Russian economy is expected to continue to grow at upwards of 6% from 2006-2008.<sup>33</sup> This massive influx of oil revenue – which totaled over \$25 billion in 2005 alone<sup>34</sup> – has become the foundation of Russia’s ambitious debt repayment program. In February 2005, Russia finished repaying its entire debt to the International Monetary Fund (IMF) and recently announced plans to pay off \$11-12 billion of debt to the Paris Club within the next six months.<sup>35</sup> This, in addition to the \$15 billion repaid in July 2005, would essentially cancel the debt owed from the Soviet era and place Russia ahead of schedule in its repayment plan.<sup>36</sup>

With a booming industry and controlled debt, it is unsurprising that the international consulting firm AT Kearney recently ranked Russia as the sixth most investment attractive country in the world, up five spots from the end of 2004.<sup>37</sup> In 2004, Russia attracted \$90.6 billion in foreign capital; this sum should increase as lucrative new pipeline projects in Germany and China begin in early 2007 and the federal government eases restrictions on capital movement and foreign investment. At the 2005 Gleneagles Summit, US President George W. Bush acknowledged the important systemic role Russia currently plays in the world economy as the sole “big stable oil exporter.”<sup>38</sup> German Finance Minister Peer Steinbrück was quoted as saying, “I am certain that Russia must soon become a full member...It’s better to have an important partner at the table than to exclude him.”<sup>39</sup>

Perhaps the surest way of achieving entry into the Finance Ministerial process and dispelling its stigma as the G8’s “poor relation” is through increased involvement in the G8’s global projects. While historically Moscow has more often been the recipient rather than the donor of economic aid, it could potentially play a vital role in the poverty reduction of Less-Developed Countries (LDCs), environmental clean-up initiatives and weapons reduction programs. Russia has already written off more debts than any other G8 nation and, in early February 2006, announced additional plans to cancel Afghanistan’s \$10 billion debt as well as those of the sixteen poorest nations in the world, totaling \$688 million.<sup>40</sup> It has also devoted itself to the United Nations peacekeeping mission in Sudan and has used its personal, though controversial, relationships with the Iranian and Palestinian governments to mediate tentative agreements in the Middle East.

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<sup>30</sup> Richest nations brace for key test as Russia takes G8 helm, Agence France Presse, (Moscow), 31 December 2005. Date of access: December 31 2005. [http://www.financialexpress-bd.com/index3.asp?cnd=1/1/2006&section\\_id=8&newsid=11529&spcl=no](http://www.financialexpress-bd.com/index3.asp?cnd=1/1/2006&section_id=8&newsid=11529&spcl=no).

<sup>31</sup> Major Non-OPEC Countries’ Oil Revenues, Energy Information Administration, (Washington, D.C.), June 2005. Date of Access: 21 December 2005. <http://www.eia.doe.gov/emeu/cabs/opecnon.html>.

<sup>32</sup> The Oil Market in 2006, Hess Energy Trading Company, (Washington, D.C.), 7 December 2005. Date of Access: 29 December 2005. <http://www.washingtoninstitute.org/documents/43974413f28b7.pdf>.

<sup>33</sup> Kudrin says Russia’s growth rate may exceed 6% in 2006-2008, Prime-TASS News, (Moscow), 9 February 2006.

<sup>34</sup> Russia’s lenders to receive early \$12bn repayment, Financial Times, (London), 7 February 2006.

<sup>35</sup> Group of Eight still disregards Russia’s growing role in international politics, Pravda, (Moscow), 26 September 2005.

<sup>36</sup> Russia aims to pay down almost all Paris Club debt this year, Associated Press, (Moscow), 7 February 2006.

<sup>37</sup> Russia-West partnership was good in 2005, RIA Novosti, (Moscow), 30 December 2005.

<sup>38</sup> Impressions of the 2005 Gleneagles Summit, G8 Information Center, (Toronto), 18 July 2005. Date of Access: 21 December 2005. <http://www.g7.utoronto.ca/evaluations/2005gleneagles/panova2005-0718.html>.

<sup>39</sup> Germany backs full G8 membership for Russia, Reuters, (Berlin), 7 February 2006.

<sup>40</sup> Report: Russia to write-off 100 percent of debt of sixteen poorest countries, Associated Press, (Moscow), 7 February 2006.

## ***Obstacles to inclusion in the Financial Ministerial Process***

There remain several major obstacles for Russia to overcome before it can achieve entrance into the Finance Ministerial process. In September 2005, a G7 Finance Ministerial meeting was held in Washington, D.C., where discussions were had regarding the potential for expanding the committee's membership in the future. Major concerns were raised regarding Russia's potential admission, the most notable being its continued exclusion from the WTO.

Seen as a benchmark for any viable international economy, the Russian government has been in close discussions with the WTO since 16 June 1993, when the Working Party on Accession of the Russian Federation was created. Though significant progress has been made, including the signing of bilateral agreements on goods and the ratification of the Sanitary and PhytoSanitary (SPS) and Technical Barriers to Trade (TBT) agreements, the status of Russia's accession bid is still uncertain. While in June of 2005, at the XXVIII meeting of the Working Party for the accession of Russia to the WTO, the Russian Economics Minister, German Gref, asked for patience on the part of the Working Party, the Party's Chairman, Ambassador Stefan Johannesson from Iceland, expressed concern over the slow pace of some of the reforms in Russia and has asked the Russians to provide new material updates for several chapters of the Working Party's draft report.<sup>41</sup>

Russia received a boost in February 2006 when the United States offered their verbal and political support to the Russian application. Since then, Russian, American and WTO officials have been locked in back-and-forth negotiations. Though no immediate timeline for Russian accession has been forthcoming, at the WTO Ministerial Meetings held in Hong Kong from 13-18 December 2005, the WTO reaffirmed its commitment to making the organization "truly global in scope and membership"<sup>42</sup> and stressed that they sought to "attach priority to the 29 ongoing accessions with a view to concluding them as rapidly and smoothly as possible."<sup>43</sup>

While Russian membership within the WTO as yet remains elusive, a successful turn as G8 Summit host could assist in the process. Russia's first significant test as G8 President came on 10-11 February 2006 when it chaired the G7 Finance Ministerial. Typically, Finance Ministerial meetings occur four times throughout the year, twice in Washington, D.C., and twice in the host nation.

Despite initial reservations at allowing a non-member to lead the Finance Ministerial conference, it was eventually decided that the meetings would be held in Russia. In previous meetings, both the Finance Ministers and central bank governors of member-states have been invited to discuss global economic policy with interest and currency exchange rates forming the "bedrock G8 economic issues."<sup>44</sup> During the February installment of the meetings, Russian WTO ascension was also discussed, with United States Treasury Secretary John Snow commenting that the United States was inclined to sign on to the Russian ascension protocol as soon as possible.<sup>45</sup> Russian President Putin further noted that "Russia's full-fledged participation in the Group of Eight, including its participation in the financial G-8, would promote more effective and timely decision-making within the scope of the issues..."<sup>46</sup>

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<sup>41</sup> Russia calls for flexibility as chair expresses concern about amount of work left, World Trade Organization, 27 June, 2005. Date of Access: 15 June 2006. [http://www.wto.org/english/news\\_e/news05\\_e/acc\\_russia\\_june05\\_e.htm](http://www.wto.org/english/news_e/news05_e/acc_russia_june05_e.htm).

<sup>42</sup> Ministerial Declaration – Doha Work Programme. WTO Ministerial Meeting (Hong Kong), 18 December, 2005. Date of Access: 15 June, 2006. [http://www.wto.org/english/thewto\\_e/minist\\_e/min05\\_e/final\\_text\\_e.htm#acc](http://www.wto.org/english/thewto_e/minist_e/min05_e/final_text_e.htm#acc).

<sup>43</sup> Ministerial Declaration – Doha Work Programme. WTO Ministerial Meeting (Hong Kong), 18 December, 2005. Date of Access: 15 June, 2006. [http://www.wto.org/english/thewto\\_e/minist\\_e/min05\\_e/final\\_text\\_e.htm#acc](http://www.wto.org/english/thewto_e/minist_e/min05_e/final_text_e.htm#acc).

<sup>44</sup> G8 Finance Ministers not confident of securing reliable, affordable oil supply, Financial Times, 9 February 2006.

<sup>45</sup> Russia and the U.S. have made progress in bilateral talks on Russia's accession to the World Trade Organization (WTO), Russia's Finance Minister Alexei Kudrin told journalists February 11, PRIME-TASS, (Moscow), 13 February, 2006. Date of Access: 15 June, 2006. [http://www.g8finance.ru/g8news19e\\_10.htm](http://www.g8finance.ru/g8news19e_10.htm).

<sup>46</sup> On Saturday, February, 13<sup>th</sup>, Vladimir Putin, President of the Russian Federation, called for Russia's full participation in financial G8, INTERFAX, (Moscow), 13 February, 2006. Date of Access: 15 June, 2006. [http://www.g8finance.ru/g8news19e\\_17.htm](http://www.g8finance.ru/g8news19e_17.htm).

### 3. Pending Issues for St. Petersburg

When Vladimir Putin was first elected in 2000, there was widespread enthusiasm about the changes he would introduce. However, the Russian President's so-called "managed democracy" has been behind some controversial decisions to censor and expropriate national media stations, abolish direct regional gubernatorial elections, and, most recently, limit the activities of foreign non-governmental organizations (NGOs).

#### **NGOs in Russia and Calls to Boycott St. Petersburg**

The Federal Law on Introducing Amendments to Certain Legislative Acts of the Russian Federation, aimed at monitoring and controlling foreign NGOs, drew a firestorm of protest as its broad restrictions on freedoms of association and assembly contravened several charters, including the Russian Constitution and the United Nations Declaration of Human Rights. Harsh criticism has come from a wide array of sources including Human Rights Watch, the European Commission, and Freedom House as these and others have questioned the Russian government's commitment to democratic principals.

The US Congress, led by Senator Joe Lieberman, was so alarmed by the Kremlin's bold tactics that in 2005 it proposed a bill forcing President George W. Bush to boycott the St. Petersburg Summit. Senator John McCain was still demanding a presidential boycott a year later, declaring at a press conference in Berlin in early 2006, "Under Mr. Putin, Russia today is neither a democracy nor one of the world's leading economies, and I seriously question whether the G8 leaders should attend the St. Petersburg summit in July."<sup>47</sup> In both cases, the demands were swiftly rejected, and the White House was quick to release a statement defending the Russian leader: "President Bush has been very clear about our strong support of Russia's chairmanship in the G8 in 2006...We also view the St. Petersburg G8 Summit next July as an opportunity for Russia to highlight its potential; to highlight its commitment to a business climate...and to continue to move along the path of creating modern political and economic institutions."<sup>48</sup>

Concerns and criticisms have also been raised by other top-level officials in the US government on Russia in general. In January 2006, US Secretary of State Condoleezza Rice accused President Putin of turning Russia into "one of the six outposts of tyranny" and questioned his dedication to becoming a "responsible actor in the international economy."<sup>49</sup> Furthermore, at a May press conference in Kazakhstan, Vice-President Dick Cheney repeated the concerns expressed by many of the people he had interacted with at an earlier summit in Lithuania, that Russia "is using its control over energy resources to gain political leverage of various kinds."

President Putin responded to these and other seeming democratic deficiencies in his Address to the Russian Federal Assembly on 10 May 2006. In it, he noted that, in absolute terms, Russian military spending was less than other nuclear powers far less than that of the United States whose military spending was approximately twenty-five times larger than Russia's.<sup>50</sup> More significantly, in addressing the above-mentioned criticism levied from American officials, Putin replied to calls to further democratic practices by calling into question those of the United States and other countries that have come under threat from both domestic and international sources.

*"How quickly all the pathos of the need to fight for human rights and democracy is laid aside, the moment the need to realize one's own interests comes to the fore. In the name of one's own interests everything is possible, it turns out, and there are no limits. But though we realize the full seriousness of this problem, we must not repeat the mistakes of the Soviet Union, the mistakes of the Cold War era, neither in politics nor in defence strategy. We must not resolve our defence*

<sup>47</sup> U.S. senator urged G8 leaders to boycott the group's summit hosted by Russia, Russian Press Digest, (Berlin), 6 February 2006.

<sup>48</sup> The new Russia-bahers, Washington Times, (Washington, D.C.), 30 December 2005.

<sup>49</sup> Russia's 'Gas War' makes rocky start to G8 chairmanship, New Nation (Dhaka, Bangladesh), 9 January 2006.

<sup>50</sup> President Vladimir Putin's Address to the Federal Assembly, (Moscow), 10 May, 2006. Date of Access: 15 June, 2006.  
[http://www.kremlin.ru/eng/speeches/2006/05/10/1823\\_type70029type82912\\_105566.shtml](http://www.kremlin.ru/eng/speeches/2006/05/10/1823_type70029type82912_105566.shtml).

*issues at the expense of economic and social development. This is a dead end road that ultimately leaves a country's reserves exhausted. There is no future in it.*<sup>51</sup>

### **The Yukos Affair**

Investors, in particular, are concerned with the Kremlin's heavy-handed approach to the private sector of the economy. On 24 October 2003, Mikhail Khodorkovsky, the founder of Yukos, one of Russia's largest oil companies, was arrested on charges of tax evasion and subsequently sentenced to seven years in prison. Mr. Khodorkovsky was also a well-known opponent of Putin's regime and was planning to challenge Mr. Putin in upcoming elections at the time of his arrest. In February 2005, the Moscow Arbitration Court ordered Yukos to pay \$4 billion in back taxes and penalties, essentially bankrupting the company and forcing it to liquidate all its shares. At the time, Andrei Illarionov, a close economic advisor to the President and Russia's former envoy to the G8, called the Yukos affair "the fraud of the year."<sup>52</sup> On 27 December 2005, Mr. Illarionov resigned over the Kremlin's supposed "gagging" of freedom: "It is one thing to work in a partially free country, as Russia was six years ago, it's another when the country has stopped being politically free."<sup>53</sup> Mr. Illarionov was considered by many to be one of the few stabilizing liberal voices in President Putin's inner circle, so though it is unlikely that his resignation will significantly impact Russia's overall economic standing, it does call into further question the Kremlin's overall dependability and trustworthiness in political and economic affairs.

### **The Russian-Ukrainian 'Gas War'**

On the very day Russia assumed the G8 Presidency, Europe found itself in the middle of a "gas war" standoff between Russia and Ukraine. Gazprom, the state-run gas monopoly, levied a five-fold increase on oil prices against Ukraine. Refusing to pay the four-fold increase in gas prices presented to them by the provider Gazprom, Ukrainian officials pointed out that this violated the existing contractual agreement between the two countries, as well as being an unrealistically high price for the Ukrainian economy.<sup>54</sup> The Ukrainian government refused to pay above the \$50 per thousand cubic meters rate it claims it was guaranteed under a previous contract.<sup>55</sup> The Russians' proposed rate of \$230/1000m<sup>3</sup> - comparable to the average \$240/1000m<sup>3</sup> price received from its European Union clients, but more than the \$47/1000m<sup>3</sup> paid by Belarus - was dismissed by Ukrainian President Viktor Yushchenko as "unacceptable because it is economically unfounded."<sup>56</sup> In response, Russian state television showed Putin and Gazprom head, Aleksey Miller, agreeing on 31 December 2006 to cut off supplies to Ukraine. Ukraine compensated by using some of the gas that Gazprom intended on shipping to Europe via Ukrainian pipelines, prompting Gazprom to accuse Ukraine of "stealing" and of being an unreliable transit country.<sup>57</sup> The shortfall in gas reaching European customers prompted their immediate protests, and Gazprom restored pipeline flows on 2 January 2006.

Ukrainian officials have accused the Russians of using their energy resources as political blackmail against the former Soviet satellite. "Everybody understands that this is not about market pricing, it's pure politics," says Oleksander Shushko, an analyst with the independent Institute of Euro-Atlantic Integration in Kiev. "Unless we resolve this on our terms, it's clear that Russia will be able to play this card against

<sup>51</sup> President Vladimir Putin's Address to the Federal Assembly, (Moscow), 10 May, 2006. Date of Access: 15 June, 2006.

[http://www.kremlin.ru/eng/speeches/2006/05/10/1823\\_type70029type82912\\_105566.shtml](http://www.kremlin.ru/eng/speeches/2006/05/10/1823_type70029type82912_105566.shtml).

<sup>52</sup> Putin aide quits, saying Russia no longer free, Daily Telegraph, (London), 28 December 2005.

<sup>53</sup> Putin's liberal economic advisor resigns, ABC News Online, (Australia), 28 December 2005. Date of Access: June 8, 2006.

<http://abc.net.au/news/newsitems/200512/s1538566.htm>.

<sup>54</sup> Russia Turns off the Gas Taps, The Economist Online Edition, 2 January 2006. Date of Access: 3 January 2006.

[http://www.economist.com/agenda/displaystory.cfm?story\\_id=5327867&tranMode=none](http://www.economist.com/agenda/displaystory.cfm?story_id=5327867&tranMode=none).

<sup>55</sup> ROUNDUP: Russia starts restoring full gas flow to Europe amid Ukraine price row, AFX International Fouc (Moscow), 3 January 2006.

<sup>56</sup> Russia-Ukraine gas standoff; wintry Europe could be hard hit, Christian Science Monitor, (Moscow), 3 January 2006.

<sup>57</sup> CRS Report for Congress: Russia's Cutoff of Natural Gas to Ukraine: Context and Implications, 15 February, 2006. Date of Access: 17 June, 2006. <http://www.usembassy.it/pdf/other/RS22378.pdf>.



us anytime it wants to.”<sup>58</sup> Many in the West viewed the row over gas prices as punishment for Ukraine’s Orange Revolution,<sup>59</sup> which brought pro-Western and democrat Viktor Yushenko to power at the expense of Viktor Yanukovich, the country’s former Prime Minister and the Kremlin’s candidate.

The joint appeal of the German, Italian, French, and Austrian energy ministers did not prevent President Putin from acting on his threat to halt gas flows to Ukraine, resulting in temporary disruptions of gas supply to Central and Western Europe. Washington’s State Department judged Russia’s decision to halt supply to Ukraine as “raising serious questions about the use of energy to exert political pressure.”<sup>60</sup> Nevertheless, in early May, the European Commission issued a statement acknowledging Gazprom as the exclusive exporter of gas from Russia to the EU, and, expecting reciprocity, is pressuring the Russian authorities to ratify the proposed Energy Charter Treaty, which would obligate the state-owned company to open its extensive pipeline network to third-party suppliers.<sup>61</sup> Gazprom remains opposed.<sup>62</sup>

Russia’s New Year’s gas crisis seemed to once more cast into doubt the Russian Federation’s dependability as a long-term source of energy and its commitment to energy security. While weaker states like Ukraine and Georgia were powerless against Russian unilateralism, larger Western nations alarmed by Russia’s apparent regression began to seek additional reassurances by calling for the ratification of the 1991 International Energy Charter and Transit Protocol. This energy cooperation treaty, conceived after the Cold War, aims to loosen Gazprom’s monopolistic hold over the Russian energy market and open its domestic and export pipeline system to alternative suppliers. While Russia has so far dismissed the Charter as a “stillborn document,”<sup>63</sup> Russian Finance Minister Alexi Kudrin has recently sent encouraging signals to Europe that Russia plans to ratify the treaty, even though he is known to have little support within Russia.<sup>64</sup>

In light of Russia’s recent hard-line stance on several global issues, many have questioned whether it is prepared to assume the responsibility of representing the G8 – an organization that features the world’s most powerful democratic states. The G8 Summit in July will thus represent a decisive moment that will either prove Russia as a worthy partner in the league of great powers, or confirm all the doubts that it is an irrelevant and ultimately damaging participant.

#### **4. Chief Agenda Items Set by the Russian Federation**

The 2006 St. Petersburg summit will be largely dominated by the issues of global energy security, global health (i.e. infectious disease), and education, with counterterrorism and the proliferation of weapons of mass destruction, the settlement of regional conflicts, finance and trade, and the protection of the environment also included on the agenda.<sup>65</sup>

##### ***Energy Security***

Since the 1975 summit in Rambouillet France, energy security has been an almost continuous topic of discussion within the G8 and its numerical predecessors. Thus, as an issue that has been central to G8

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<sup>58</sup> Russia-Ukraine Gas Stand-off, Christian Science Monitor, 3 January 2006. Date of Access: June 8, 2006.

<http://www.csmonitor.com/2006/0103/p01s04-woeu.html>.

<sup>59</sup> Energy and the New World Power Play, BBC News UK Edition, (London), 1 January 2006. Date of Access: 3 January 2006.

<http://news.bbc.co.uk/1/hi/world/europe/4573944.stm>.

<sup>60</sup> Russian gas row worries Europe, UK Guardian, (London), 6 January, 2006. Date of Access: 17 June, 2006.

<http://www.guardian.co.uk/guardianweekly/story/0,1677877,00.html>.

<sup>61</sup> Russia-Europe: Energy Dialogue or Squabble? RIA Novosti: Russian News & Information Agency, (Moscow), 4 May 2006. Date of Access: 12 May 2006. <http://en.rian.ru/analysis/20060504/47231465.html>.

<sup>62</sup> Russia-Europe: Energy Dialogue or Squabble? RIA Novosti: Russian News & Information Agency, (Moscow), 4 May 2006. Date of Access: 12 May 2006. <http://en.rian.ru/analysis/20060504/47231465.html>.

<sup>63</sup> Russian state gas deputy CEO slams International Energy Charter as verbal dispute with EU intensifies, Global Insight Daily Analysis, (Boston), 26 April, 2006.

<sup>64</sup> “Europe piles up ECT pressure in the run-up to G8 summit”, RIA Novosti: Russian News & Information Agency, (Moscow), April 28, 2006. Date of Access: June 6, 2006. <http://en.rian.ru/analysis/20060428/47013869.html>.

<sup>65</sup> Address by Russian President Vladimir Putin to Visitors to the Official Site of Russia’s G8 Presidency in 2006, Official Website of the G8 Presidency of the Russian Federation, (St. Petersburg). Date of Access: 13 May 2006. <http://en.g8russia.ru/agenda/>.

summits since the institution's inception, energy and energy security related issues have primarily fallen within four categories as defined by Professor John Kirton of the University of Toronto G8 Research Group: "By far the earliest, most ample and frequent has been the supply and price of traditional energy sources such as oil, natural gas, coal and nuclear power. A second, and close companion, has been alternative and renewable energy sources, as well as more demand side measures such as energy efficiency and conservation. A third has been nuclear safety, including the safe operation of civilian nuclear reactors and the transfer and use of nuclear materials. A fourth has been energy trade, including Soviet gas trade with Europe and Japan and Russia's energy pricing policies as part of its quest for accession to the WTO."<sup>66</sup>

While there is a broad consensus among G8 members as to the importance of all the policy areas chosen by the Russian Federation, the issue of energy security is widely believed to be of principal concern given the rapid increase in global oil prices.<sup>67</sup> To begin to tackle this issue, Russian President Putin has introduced the idea of security of energy demand as well as supply – needed to supply the necessary assurances for the construction of expensive infrastructure.<sup>68</sup> "To some, the concept smacks at first glance of Soviet-style state intervention and central planning rather than the market-based solutions a globalized G7 has now come to prefer." However, according to Professor John Kirton and Laura Sunderland of the G8 Research Group, North Americans are not unfamiliar with the notion of providing state subsidies to promote pipeline development.<sup>69</sup>

The importance that the Russian hosts place on the topic has been reiterated several times, as has their belief that international cooperation is crucial to any resolution. On 13 April, 2006, Mikhail Margelov, the Russian chairman of the Federation Council's international affairs committee, stated that "not a single country can guarantee global energy security all alone."<sup>70</sup> Additionally, President Putin noted in a March 2006 article that, "The establishment of a reliable and comprehensive system of energy security is clearly one of the strategic goals for the G8 and the world community as a whole."<sup>71</sup> Finally, President Putin speaking for his G8 counterparts, publicly stated that the energy security issue will be paramount during the Summit:

*"We have agreed with our partners on these priorities that we proposed. All of our colleagues agree that these are very important matters and that paramount among them is the question of energy security. At any rate, energy security is one of the biggest problems facing us today and it will be a big issue for the future too given that without energy, without resolving energy issues, no development at all is possible."*<sup>72</sup>

International energy security has been, and will likely continue to be, a central tenet of Russian foreign policy during its G8 presidency and beyond.<sup>73</sup> Besides the global provision of regular energy supplies under universally suitable conditions,<sup>74</sup> this focus is likely to concentrate on the stabilization of fuel

<sup>66</sup> The G8 Summit Communiqués on Energy, 1975-2005, G8 Research Group, (Toronto), November 2005. Date of Access: 19 June, 2006. <http://www.g8.utoronto.ca/references/energy.pdf>.

<sup>67</sup> Russia's 2006 G8: Combining Continuity and Innovation for Summit Success, G8 Information Centre, (Toronto), April 2006. Date of Access: 21 June 2006. [http://www.g8.utoronto.ca/scholar/kirton2006/kirton\\_060512.html](http://www.g8.utoronto.ca/scholar/kirton2006/kirton_060512.html).

<sup>68</sup> Russia's 2006 G8: Combining Continuity and Innovation for Summit Success, G8 Information Centre, (Toronto), April 2006. Date of Access: 21 June 2006. [http://www.g8.utoronto.ca/scholar/kirton2006/kirton\\_060512.html](http://www.g8.utoronto.ca/scholar/kirton2006/kirton_060512.html).

<sup>69</sup> Russia's 2006 G8: Combining Continuity and Innovation for Summit Success, G8 Information Centre, (Toronto), April 2006. Date of Access: 21 June 2006. [http://www.g8.utoronto.ca/scholar/kirton2006/kirton\\_060512.html](http://www.g8.utoronto.ca/scholar/kirton2006/kirton_060512.html).

<sup>70</sup> Cited in: Prospective Agenda: The 2006 G8 Summit, G8 Information Centre, (Toronto), 29 May, 2006. Date of Access: 5 June, 2006. <http://www.g8.utoronto.ca/evaluations/2006stpetersburg/2006agenda.html>.

<sup>71</sup> Cited in: Laura Sunderland (May 29, 2006), "Prospective Agenda: The 2006 G8 Summit" Accessed June 5, 2006. <http://www.g8.utoronto.ca/evaluations/2006stpetersburg/2006agenda.html>.

<sup>72</sup> Press Conference with Vladimir Putin (March 1, 2006), "Excerpts of answers following the president's statement on the St. Petersburg Summit." Date of Access: 3 June 2006. <http://g8.utoronto.ca/whatsnew/putin-int060301.html>.

<sup>73</sup> Putin May Put Accent on Foreign Policy in Speech, SwissInfo: Swiss Radio International, 10 May 2006. Date of Access: 12 May 2006. [http://www.swissinfo.org/eng/international/ticker/detail/Putin\\_may\\_put\\_accent\\_on\\_foreign\\_policy\\_in\\_speech.html?siteSect=143&sid=6702910&cKey=1147241368000](http://www.swissinfo.org/eng/international/ticker/detail/Putin_may_put_accent_on_foreign_policy_in_speech.html?siteSect=143&sid=6702910&cKey=1147241368000).

<sup>74</sup> Possibilities of Energy Dialogue, RIA Novosti: Russian News & Information Agency, (Moscow), April 25 2006. Date of Access: 12 May 2006. <http://en.rian.ru/analysis/20060425/46902706.html>.

supplies, increased investment in the energy sector, and a guarantee of environmental protection.<sup>75</sup> This coincides with Russia's aim to transform its oil abundance into political leverage, as it strives to construct a Baltic Sea pipeline to transport Russian natural gas to Western Europe.<sup>76</sup> Russia declared its preparedness to actively participate in the implementation of the energy proposals it drafts for the St. Petersburg Summit, with the objective of providing "reliable deliveries of traditional fuel to the world economy on terms acceptable for producers and consumers."<sup>77</sup> Diversifying energy sources, securing their storage and transportation, protecting supplies from terrorist threats, as well as developing nuclear energy will also constitute significant policy objectives.<sup>78</sup> President Putin has also expressed the view that Russia will figure prominently in forming a common European energy strategy.<sup>79</sup> He further stressed the importance of the state's energy efficiency as "the only way to secure Russia's stable leading position on energy markets."<sup>80</sup> President Putin had stated earlier that world powers are duty-bound to create a system that can protect future generations from conflict over energy supplies.<sup>81</sup>

The focus on energy security, therefore, represents a significant concern for the G8 members, forming a key strategic objective with both Europe and Asia becoming increasingly reliant on Russian energy exports.<sup>82</sup> Russia's position as Europe's leading supplier was consolidated through a series of agreements in 2005, a year marked by significant increases in state control of the energy industry.<sup>83</sup> 51% of Gazprom – the world's largest producer of natural gas – is owned by the state, with Deputy Prime Minister Dmitriy Medvedev serving as chairman of the Board of Directors.<sup>84</sup> Should Russia succeed in marketing liquefied natural gas, it may well become a primary source of the United States' energy as well.

### **Global Health**

As a specific topic, global health has largely been absent from the G8 agenda since the 1980s.<sup>85</sup> Since the end of the Cold War, questions regarding global health have come to the fore with the realization that pandemics are truly turning global in nature. The emerging threat of avian flu has once again exposed each of the G8 countries vulnerabilities to such an outbreak and thus they are more open to discussing ways to combat the threat.

In President Putin's address to visitors on the official St. Petersburg G8 website, he notes that as the sitting president of the G8, Russia "regards it as its duty to give a fresh impetus to efforts to find solutions to key international problems in energy, education, and healthcare..."<sup>86</sup> In discussing the importance of including healthcare as an issue to be discussed in the multilateral G8 forum, Putin goes on to stress that, "the spread of all kinds of epidemics in the world emphasizes the need to step up the fight against

<sup>75</sup> Issues of Global Energy Security Will Be Foremost on the Agenda of the 2006 G8 Summit in St. Petersburg, The Russian News Room, 1 November 2005. Date of Access: 17 December 2005.

[http://www.russiannewsroom.com/content.aspx?id=5791\\_Politics&date=2005-11-1](http://www.russiannewsroom.com/content.aspx?id=5791_Politics&date=2005-11-1).

<sup>76</sup> Russia Assumes Group of Eight Presidency, USA Today, (Moscow), 31 December 2005. Date of Access: 2 January 2006.

[http://www.usatoday.com/news/world/2005-12-31-putin-g-eight\\_x.htm](http://www.usatoday.com/news/world/2005-12-31-putin-g-eight_x.htm).

<sup>77</sup> Russia: Bully or Just Applying the Rules? BBC News UK Edition, 3 January 2006. Date of Access: 3 January 2006.

<http://news.bbc.co.uk/2/hi/europe/4577648.stm>.

<sup>78</sup> Russia Takes on G8 Presidency. RIA Novosti: Russian News & Information Agency, (Moscow), 1 January 2006. Date of Access: 3 January 2006. <http://en.rian.ru/russia/20060101/42816897.html>.

<sup>79</sup> Putin Optimistic on Russia's role in European Energy Strategy, Official Website of the G8 Presidency of the Russian Federation, (St. Petersburg), 10 May 2006. Date of access: 13 May 2006. <http://en.g8russia.ru/news/20060510/1149187.html>.

<sup>80</sup> Putin Optimistic on Russia's role in European Energy Strategy, Official Website of the G8 Presidency of the Russian Federation, (St. Petersburg), 10 May 2006. Date of access: 13 May 2006. <http://en.g8russia.ru/news/20060510/1149187.html>.

<sup>81</sup> President Putin Shares G8 Plans, BBC News UK Edition, 1 March 2006, Date of Access: 12 May 2006.

<http://news.bbc.co.uk/1/hi/business/4764314.stm>.

<sup>82</sup> Reading Russia Right, Carnegie Moscow Center - Carnegie Endowment for International Peace, (Moscow), 14 October 2005. Date of Access: 3 January 2006. <http://www.carnegie.ru/en/pubs/media/73246.htm>.

<sup>83</sup> Economist Intelligence Unit, "The World in Figures," *The Economist*, 20<sup>th</sup> Edition, London. (December, 2005), p. 99.

<sup>84</sup> Where Europe Gets Its Gas From, BBC News UK Edition, 4 January 2006. Date of Access: January 4 2006.

<http://news.bbc.co.uk/1/hi/world/europe/4578350.stm>.

<sup>85</sup> Russia's 2006 G8: Combining Continuity and Innovation for Summit Success, G8 Information Centre, (Toronto), April 2006. Date of Access: 21 June 2006. [http://www.g8.utoronto.ca/scholar/kirton2006/kirton\\_060512.html](http://www.g8.utoronto.ca/scholar/kirton2006/kirton_060512.html).

<sup>86</sup> Official Website of the G8 Presidency of the Russian Federation in 2006, "Address by Russian President Vladimir Putin to visitors to the official site of Russia's G8 Presidency in 2006". Accessed June 3, 2006. <http://en.g8russia.ru/agenda>.



infectious diseases.”<sup>87</sup> The creation of a global system to monitor dangerous diseases, the development of regular interaction between experts from different states, and the broader exchange of research information about dangerous diseases have been deemed by Putin as areas for discussion and action at the upcoming summit.<sup>88</sup>

The fight against HIV will be central to the discussions on Global Health in St. Petersburg. On 16 May 2006, Russian sherpa Igor Shuvalov noted that the “creation of an international center for developing a vaccine against HIV will be on the agenda for the G8 Summit.”<sup>89</sup> Reflecting the importance of the fight against HIV as a summit priority, the Russian government announced its plan to set up a coordination committee to oversee the multi-sectoral state efforts to combat HIV/AIDS, chaired by a deputy prime minister.<sup>90</sup> The Russian sherpa, Igor Shuvalov, has suggested that the committee include civil society representatives.<sup>91</sup> This issue of HIV/AIDS represents a special concern for Russia, where the rate of infection is high (225.1 per 100,000 people) and rising.<sup>92</sup>

Aside from HIV/AIDS, the fight against other infectious diseases will also hold a central place in the Global Health discussions. The embassy press release from Shuvalov’s visit to the Russian Embassy in Ottawa, Canada noted that, “[infectious] diseases spread at a different rate and take a different toll in various regions and communities...Such diseases as HIV/AIDS, tuberculosis, malaria and new ones like avian flu [also known as “bird flu”] grossly impede nations economically and socially...”<sup>93</sup>

National Russian News Agency RIA Novosti noted Chief Russian Epidemiologist Gennady Onishchenko’s opinion that “bird flu prevention and control would feature prominently on the agenda of the G8 summit in St. Petersburg in July...” Furthermore, according to Onishchenko, “Russia is preparing proposals [on bird flu prevention], and at this preliminary stage, it is receiving enthusiastic support from all the G8 member states.”<sup>94</sup>

According to President Putin, the G8 should not and must not “stay indifferent to such enormous challenges as combating infectious diseases. The uneven development of health systems as well as unequal financial capabilities and scientific potential required to fight epidemics lead to uneven distribution of global resources allocated to the fight against infections.”<sup>95</sup> Putin has also stated his hope that concrete results will emerge from the Russia presidency. At a 1 March 2006 press conference he stated, “I certainly hope that we will make progress on not just examining this issue, but also in resolving the problems that we face in our fight against infectious diseases.”<sup>96</sup>

## **Education**

Education has been identified as another major issue for discussion at the St. Petersburg Summit. Putin has stressed the importance of education at the international level as a necessary pre-requisite for the development of low-income nations. At a 1 March 2006 press Conference, Putin noted that “education...

<sup>87</sup> Official Website of the G8 Presidency of the Russian Federation in 2006, “Address by Russian President Vladimir Putin to visitors to the official site of Russia’s G8 Presidency in 2006”. Accessed June 3, 2006. <http://en.g8russia.ru/agenda>.

<sup>88</sup> Official Website of the G8 Presidency of the Russian Federation in 2006, “Address by Russian President Vladimir Putin to visitors to the official site of Russia’s G8 Presidency in 2006”. Accessed June 3, 2006. <http://en.g8russia.ru/agenda>.

<sup>89</sup> Dow Jones International News (May 17, 2006), “Russian Govt Urged To Get On With HIV Vaccine Center Plans.”

<sup>90</sup> Russian Govt. to Set up HIV/AIDS Committee, RIA Novosti: Russian News & Information Agency, (Moscow), 15 May 2006. Date of Access: 15 May 2006. <http://en.rian.ru/russia/20060515/48168048.html>.

<sup>91</sup> Russian Govt. to Set up HIV/AIDS Committee, RIA Novosti: Russian News & Information Agency, (Moscow), 15 May 2006. Date of Access: 15 May 2006. <http://en.rian.ru/russia/20060515/48168048.html>.

<sup>92</sup> Russian Govt. to Set up HIV/AIDS Committee, RIA Novosti: Russian News & Information Agency, (Moscow), 15 May 2006. Date of Access: 15 May 2006. <http://en.rian.ru/russia/20060515/48168048.html>.

<sup>93</sup> Cited in: Laura Sunderland (May 29, 2006), “Prospective Agenda: The 2006 G8 Summit” Accessed June 5, 2006. <http://www.g8.utoronto.ca/evaluations/2006stpetersburg/2006agenda.html>.

<sup>94</sup> RIA Novosti (January 27, 2006), “Russian gov’t to adopt bird flu resolution “within days” – PM.” Accessed June 5, 2006. <http://en.rian.ru/russia/20060127/43219687.html>.

<sup>95</sup> Cited in: Laura Sunderland (May 29, 2006), “Prospective Agenda: The 2006 G8 Summit” Accessed June 5, 2006. <http://www.g8.utoronto.ca/evaluations/2006stpetersburg/2006agenda.html>.

<sup>96</sup> Cited in: Laura Sunderland (May 29, 2006), “Prospective Agenda: The 2006 G8 Summit” Accessed June 5, 2006. <http://www.g8.utoronto.ca/evaluations/2006stpetersburg/2006agenda.html>.

is one of the most important elements of a growing social identity, moral values and stronger democracy... Today, possessing a certain amount of knowledge and skills is not enough; one has to be ready to constantly upgrade and adapt them to new requirements."<sup>97</sup> Putin also stressed the impact the expansion of education initiatives can have on a multitude of other pressing issues such as extremism and security: "Poorly educated people are easy prey for all manner of radical xenophobia and for stirring up interethnic violence and inter-religious hatred. Ultimately, poor education created a breeding ground for terrorism. Education therefore is an area of great importance... it is always high on the agenda of the G8 summits and will be one of the priorities for our presidency."<sup>98</sup>

There are three streams to Russia's education platform for discussing Education at the St. Petersburg Summit: primary education, secondary education and professional training. The Education for All (EFA) program, initiated in 2000, serves as the framework through which the G8 can promote education in the developing countries. With the goal of achieving universal basic education by 2015, the Russian Presidency recognizes the difficulties in ensuring the quality of such basic education. As a co-chairman of the EFA program in 2006, Russia suggests that the G8 concentrate on improving the quality of basic education while establishing mechanisms for assessing such quality in the developing nations in the EFA framework.<sup>99</sup>

On the issue of secondary and professional education, Russian experts suggest that there should be more academic exchanges and closer university collaborations. They further suggest that in order to ensure economic development, an international system for comparing professional competence, and evaluating the quality of professional training should be established.<sup>100</sup>

## 5. Primary Russian Goals and Objectives for the Summit

Analysts have predicted that a principle goal of the Russian government is to convince their G8 counterparts that Russia's abundant oil and gas reserves enable it to influence world energy prices and should thus be considered an equal in all G8 processes.<sup>101</sup> It is also argued by some that President Putin is seizing this opportunity to gain full membership into the G8 by way of inclusion in the Financial G7.<sup>102</sup> International recognition of Russian power and progress has been ascribed to the significant, though uncontroversial, nature of the agenda items.<sup>103</sup> Russian Sherpa Shuvalov noted that it was crucial for Russia to be acknowledged "as a partner sharing Western values but [it was] prepared to defend its positions" within the G8.<sup>104</sup> Shuvalov continued by advocating that "The main political event of the summit should be that after the summit... Russia should be viewed as a difficult partner who in the final analysis shares all our [Western] values."<sup>105</sup> The fortification of Russia's image will also serve to enhance President Putin's domestic support base. His approval rating already stands at 73%, and his presidency marks the longest period of economic growth in decades,<sup>106</sup> albeit, the growth has been largely driven by

<sup>97</sup> Statement at Press Conference with Vladimir Putin (March 1, 2006). Accessed June 5, 2006.

<http://www.g8.utoronto.ca/whatsnew/putin060301.html>.

<sup>98</sup> Press Conference with Vladimir Putin (March 1, 2006). Accessed June 5, 2006. <http://www.g8.utoronto.ca/whatsnew/putin-int060301.html>.

<sup>99</sup> Official Website of the G8 presidency of the Russian Federation in 2006, "Education: Russia's Position" Accessed June 5, 2006. <http://en.g8russia.ru/agenda/education/russianrole/>.

<sup>100</sup> Official Website of the G8 presidency of the Russian Federation in 2006, "Education: Russia's Position" Accessed June 5, 2006. <http://en.g8russia.ru/agenda/education/russianrole/>.

<sup>101</sup> Is Russia Fit to Become the Next G8 Leader? The Times Online, (Moscow), 28 December 2005. Date of Access: 29 December 2005. <http://www.timesonline.co.uk/article/0,,2089-1920058,00.html>.

<sup>102</sup> Is Russia Fit to Become the Next G8 Leader? The Times Online, (Moscow), 28 December 2005. Date of Access: 29 December 2005. [http://www.timesonline.co.uk/article/0,,13509-1960806\\_2,00.html](http://www.timesonline.co.uk/article/0,,13509-1960806_2,00.html).

<sup>103</sup> Democracy and Iran Tension to Test Russia's G8 Lead, Reuters US Edition, 28 December 2005. Date of Access: 29 December 2005. <http://global.factiva.com.myaccess.library.utoronto.ca/ha/default.aspx>.

<sup>104</sup> "Russia shares west values, but defends its stance – Putin aid", RIA Novosti: Russian News and Information Agency, (Moscow), May 16, 2006. Date of Access: June 6, 2006. <http://en.rian.ru/russia/20060516/48222232.html>.

<sup>105</sup> "Russia shares west values, but defends its stance – Putin aid", RIA Novosti: Russian News and Information Agency, (Moscow), May 16, 2006. Date of Access: June 6, 2006. <http://en.rian.ru/russia/20060516/48222232.html>.

<sup>106</sup> Is Russia Fit to Become the Next G8 Leader? The Times Online, (Moscow), 28 December 2005. Date of Access: 29 December 2005. <http://www.timesonline.co.uk/article/0,,2089-1920058,00.html>.

high oil prices.<sup>107</sup> This has deflected domestic attention away from the President's arguably autocratic methods, with the Kremlin authorities confirming in their public statements that most Russians prefer a strong leader to unrestrained Western style democracy.<sup>108</sup>

Tensions with the West have, however, emerged with the debate over Iran's nuclear program and Russia's stance towards it. While Russia and many other Western nations agree that Iran should not be permitted to acquire nuclear technologies, there continue to be disagreements over whether force is a legitimate option to halt Iran's program, with Russia adamantly opposed to such a stance.<sup>109</sup> Additionally, a 16 May 2006 report out of Moscow cited Russian sherpa Igor Shuvalov as noting that the controversial topic will not be included on the summit's agenda, but will be discussed at a foreign ministers meeting set to take place on 29 June 2006, approximately two weeks before the summit.<sup>110</sup> "This topic will be discussed in detail by foreign ministers, who will adopt a statement..." Shuvalov told journalists.<sup>111</sup>

## 6. G8 Attitudes toward the Russian Presidency

### *Recent developments and concerns: Relations with Iran, Syria and Belarus*

Recent developments concerning Russia have the potential to seriously damage Russia's prospects of full membership within the Financial G7, and even put its current status in jeopardy.<sup>112</sup> Other G8 members, having avoided punitive measures against Moscow to preserve Russia's credibility as chair, have expressed concern about President Putin's abandonment of democratic principles.<sup>113</sup>

In addition to the Kremlin's hard-line domestic policies, Andrei Illarionov's resignation on 27 December 2005 provided another disconcerting sign. Mr. Illarionov served as President Putin's advisor of five years and was head of Russia's relations with the G8; he attributed his resignation to the fact that his country "has stopped being free and democratic".<sup>114</sup> There is Western unease about the Kremlin's foreign policy, such as the sale of \$1 billion worth of weapons to Tehran and aid to Iran's nuclear reactor building project, having initially blocked the European Union's efforts to report the country to the Security Council in late 2005.<sup>115</sup> Russia has also been playing a primary role in the continuing diplomatic conflict with Iran over its uranium enrichment activities, proposing, without definite results, that Iran move its nuclear activities to Russian soil in order to allow international monitoring.<sup>116</sup> Russia is still orchestrating the \$800 million project to build Iran's first civilian nuclear power reactor in Bushehr,<sup>117</sup> which is reportedly 90%

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<sup>107</sup> Economist Intelligence Unit, "The World in Figures," The Economist, 20<sup>th</sup> Edition, London. (December, 2005), p. 99.

<sup>108</sup> Is Russia Fit to Become the Next G8 Leader? The Times Online, (Moscow), 28 December 2005. Date of Access: 29 December 2005. <http://www.timesonline.co.uk/article/0,,2089-1920058,00.html>.

<sup>109</sup> Russia, U.S. Ahead of G8 Summit, RIA Novosti: Russian News and Information Agency, (Moscow), April 21, 2006. Date of Access: June 6, 2006. <http://en.rian.ru/analysis/20060421/46762123.html>.

<sup>110</sup> G8 summit agenda to shun Iran nuclear crisis, RIA Novosti: Russian News and Information Agency, (Moscow), May 16, 2006. Date of Access: June 6, 2006. <http://en.rian.ru/world/20060516/48214222.html>.

<sup>111</sup> G8 summit agenda to shun Iran nuclear crisis, RIA Novosti: Russian News and Information Agency, (Moscow), May 16, 2006. Date of Access: June 6, 2006. <http://en.rian.ru/world/20060516/48214222.html>.

<sup>112</sup> Is Russia Fit to Become the Next G8 Leader? The Times Online, (Moscow), 28 December 2005. Date of Access: 29 December 2005. [http://www.timesonline.co.uk/article/0,,13509-1960806\\_2,00.html](http://www.timesonline.co.uk/article/0,,13509-1960806_2,00.html).

<sup>113</sup> Russia Assumes Group of Eight Presidency, USA Today, (Moscow), 31 December 2005. Date of Access: 2 January 2006. [http://www.usatoday.com/news/world/2005-12-31-putin-g-eight\\_x.htm](http://www.usatoday.com/news/world/2005-12-31-putin-g-eight_x.htm).

<sup>114</sup> Is Russia Fit to Become the Next G8 Leader? The Times Online, (Moscow), 28 December 2005. Date of Access: 29 December 2005. [http://www.timesonline.co.uk/article/0,,13509-1960806\\_2,00.html](http://www.timesonline.co.uk/article/0,,13509-1960806_2,00.html).

<sup>115</sup> Democracy and Iran Tension to Test Russia's G8 Lead, Reuters US Edition, 28 December 2005. Date of Access: 29 December 2005. <http://global.factiva.com.myaccess.library.utoronto.ca/ha/default.aspx>.

<sup>116</sup> Iran Nuclear Stance Irks Russia, BBC News UK Edition, 13 May 2006. Date of Access: 15 May 2006. <http://news.bbc.co.uk/1/hi/world/europe/4802278.stm>.

<sup>117</sup> Russia Suspends Iranian Energy Project, United Press International (Moscow), 15 May 2006. Date of Access: 15 May 2006. <http://www.upi.com/Energy/view.php?StoryID=20060515-063724-3114r>.

completed.<sup>118</sup> The state also continues its opposition towards US attempts to invoke sanctions against Iran at the Security Council.<sup>119</sup>

Furthermore, Russia is impeding the censure of Syria over the assassination of Rafik Hariri, the former Lebanese Prime Minister.<sup>120</sup> Moscow has supported the autocratic Uzbekistani regime over its massacre of protesters in Andijan, and, contrary to the 1999 withdrawal agreement, has not removed Russian troops from the Moldovan separatist region of Transdniestria.<sup>121</sup> The Kremlin's attempts to reform the Organization for Security and Cooperation in Europe,<sup>122</sup> to obstruct the body's criticisms of rigged elections in the former Soviet Union also raise significant Western concerns.

Nor can the issue of Belarus be disregarded. Referred to as Europe's last dictatorship, Aleksandr Lukashenko's government has been included among the "outposts of tyranny" by current US Secretary of State Condoleezza Rice in January 2005.<sup>123</sup> After staging a referendum to remove the Belarusian constitutional limitations of presidential terms,<sup>124</sup> President Lukashenko won the March 2006 elections, capturing over 80% of the vote in a process that was denounced by Western observers as fundamentally flawed.<sup>125</sup> Both the European Union and the United States condemned the elections; President Putin sent congratulations.<sup>126</sup> While Russia possesses considerable influence vis-à-vis Belarus, disagreements between the two presidents have been recurring and public, with Russia threatening to increase gas prices for Belarus, in keeping with Gazprom's attempt to institute "market-level" prices for its product.<sup>127</sup> Nevertheless, the plans for this increase were not executed, and Belarus continues to import Russian gas at artificially low prices.<sup>128</sup>

### ***Areas of collaboration:***

As a member of the diplomatic Quartet, which also includes the UN, the EU, and the United States, Russia has been heavily involved in orchestrating the Road Map peace plan for the resolution of the Israeli-Palestinian conflict, participating in the 9 May 2006 meeting at the UN to design a temporary mechanism to channel aid directly to the Palestinian people.<sup>129</sup> The plan's ultimate goal is a two-state solution, with each state recognizing the other's right to existence and survival.<sup>130</sup> To fulfill his role in achieving this goal, President Putin hosted Palestinian leader Mahmoud Abbas at the Black Sea resort in Sochi on 15 May, 2006. Discussions centered on Israeli-Palestinian relations and the restoration of

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<sup>118</sup> Russia, Iran Hold Talks on Bushehr Reactor, World Peace Herald (United Press International, Moscow), 12 May 2006. Date of Access: 13 May 2006. <http://www.wpherald.com/storyview.php?StoryID=20060512-011727-5550r>.

<sup>119</sup> Europe Tries to Restrain Iran's Atomic Ambitions, The New York Times (International Herald Tribune, Brussels), May 15 2006, Date of Access: 15 May 2006. <http://www.nytimes.com/2006/05/15/world/middleeast/15cnd-iran.html?hp&ex=1147752000&en=84e15c8676f85ec9&ei=5094&partner=homepage>.

<sup>120</sup> Is Russia Fit to Become the Next G8 Leader? The Times Online, (Moscow), 28 December 2005. Date of Access: 29 December 2005. [http://www.timesonline.co.uk/article/0,,13509-1960806\\_2\\_00.html](http://www.timesonline.co.uk/article/0,,13509-1960806_2_00.html).

<sup>121</sup> Is Russia Fit to Become the Next G8 Leader? The Times Online, (Moscow), 28 December 2005. Date of Access: 29 December 2005. [http://www.timesonline.co.uk/article/0,,13509-1960806\\_2\\_00.html](http://www.timesonline.co.uk/article/0,,13509-1960806_2_00.html).

<sup>122</sup> Is Russia Fit to Become the Next G8 Leader? The Times Online, (Moscow), 28 December 2005. Date of Access: 29 December 2005. [http://www.timesonline.co.uk/article/0,,13509-1960806\\_2\\_00.html](http://www.timesonline.co.uk/article/0,,13509-1960806_2_00.html).

<sup>123</sup> Rice Backs Belarusian Opposition, BBC News UK Edition, 21 April 2005. Date of Access: 16 May 2006. <http://news.bbc.co.uk/1/hi/world/europe/4470221.stm>.

<sup>124</sup> Timeline: Belarus, A Chronology of Key Events, BBC News UK Edition, 31 April, 2006. Date of Access: 15 May 2006. [http://news.bbc.co.uk/1/hi/world/europe/country\\_profiles/1102180.stm](http://news.bbc.co.uk/1/hi/world/europe/country_profiles/1102180.stm).

<sup>125</sup> Timeline: Belarus, A Chronology of Key Events, BBC News UK Edition, 31 April, 2006. Date of Access: 15 May 2006. [http://news.bbc.co.uk/1/hi/world/europe/country\\_profiles/1102180.stm](http://news.bbc.co.uk/1/hi/world/europe/country_profiles/1102180.stm).

<sup>126</sup> Timeline: Belarus, A Chronology of Key Events, BBC News UK Edition, 31 April, 2006. Date of Access: 15 May 2006. [http://news.bbc.co.uk/1/hi/world/europe/country\\_profiles/1102180.stm](http://news.bbc.co.uk/1/hi/world/europe/country_profiles/1102180.stm).

<sup>127</sup> Belarus Hit by Russian Gas Hike, BBC News UK Edition, 30 March 2006. Date of Access: 16 May 2006. <http://news.bbc.co.uk/1/hi/business/4862158.stm>.

<sup>128</sup> Analysis: Energy dependence and supply in Central and Eastern Europe, EurActiv, 15 May 2006. Date of Access: 16 May 2006. <http://www.euractiv.com/en/energy/analysis-energy-dependence-supply-central-eastern-europe/article-155274>.

<sup>129</sup> At UN session, Middle East Diplomatic Quartet Endorses Direct Aid to Palestinians, UN News Centre, 9 May 2006. Date of Access 15 May 2006. <http://www.un.org/apps/news/story.asp?NewsID=18402&Cr=quartet&Cr1>.

<sup>130</sup> At UN session, Middle East Diplomatic Quartet Endorses Direct Aid to Palestinians, UN News Centre, 9 May 2006. Date of Access 15 May 2006. <http://www.un.org/apps/news/story.asp?NewsID=18402&Cr=quartet&Cr1>.

humanitarian aid.<sup>131</sup> Russia contributed \$10 million to support basic services in Gaza and the West Bank, sending the funds to an account controlled by Mr. Abbas.<sup>132</sup>

Most other G8 members hesitate to make definite predictions relating to the St. Petersburg Summit or pronouncements regarding Russian Presidency.<sup>133</sup> A notable exception is the United States, whose Vice-President Dick Cheney criticized Russia for undermining democracy and for using oil and gas as tools for "intimidation and blackmail."<sup>134</sup> Although both Presidential press secretary Scott McLellan and President George W. Bush himself have subsequently moved to mediate the negative impact of this statement, they have not been able to prevent other political voices from speaking out.<sup>135</sup> One such voice is Senator John McCain, the probable Republican presidential candidate in 2008, who has demanded that President Bush not attend the St. Petersburg summit. He has stated that the Russian government openly violates human rights and pressures neighbouring countries in a bid to re-establish the Soviet empire.<sup>136</sup> A similar opinion was expressed by senior Democrat and California Congressman Tom Lantos, who accused Russian authorities of not meeting the standards of both the G8 process and democracy in general, going so far as to co-sponsor a bipartisan resolution calling for Russia's eviction from the group.<sup>137</sup>

These figures notwithstanding, the prevailing view is that, despite its numerous criticisms and unfavorable conclusions about Russia and its hard-line President, the West, particularly G8 members, will refrain from public anti-Russian policies. This stance owes much to Russia's increasingly influential position as a global energy supplier.<sup>138</sup> Moreover, the proponents of Russian inclusion, having lobbied successfully for Russia's inclusion in 1991, may still present a reasonable case: that expelling Russia from the G8 will discourage democratic development and significantly reduce Moscow's domestic and foreign policy options.<sup>139</sup>

Whatever the views on the legitimacy of Russia as a G8 member and especially as this year's chair of the G8 Presidency, it is evident that Russia, once a forthright antagonist to the democratic market economies of the West, has increasingly become a partner with membership (while still partial) in one of the most elite institutions in the world. Analysts, civil society activists, NGO participants, politicians, and the other G8 members will all be watching carefully as President Putin leads his state through this monumental year.

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<sup>131</sup> Abbas Gets PR Boost in Sochi, The Moscow Times, 16 May 2006. Date of Access: 16 May 2006. <http://www.themoscowtimes.com/stories/2006/05/16/001.html>.

<sup>132</sup> Abbas Gets PR Boost in Sochi, The Moscow Times, 16 May 2006. Date of Access: 16 May 2006. <http://www.themoscowtimes.com/stories/2006/05/16/001.html>.

<sup>133</sup> Will it be Putin the Enforcer or Kindly Cousin Vladimir? The Herald, 29 December 2005.

<sup>134</sup> America Exports Democracy to St. Petersburg, Kommersant: Russia's Daily Online, 10 May 2006. Date of Access: 13 May 2006. <http://www.kommersant.com/page.asp?id=671750>.

<sup>135</sup> America Exports Democracy to St. Petersburg, Kommersant: Russia's Daily Online, 10 May 2006. Date of Access: 13 May 2006. <http://www.kommersant.com/page.asp?id=671750>.

<sup>136</sup> America Exports Democracy to St. Petersburg, Kommersant: Russia's Daily Online, 10 May 2006. Date of Access: 13 May 2006. <http://www.kommersant.com/page.asp?id=671750>.

<sup>137</sup> Is Russia Fit to Become the Next G8 Leader? The Times Online, (Moscow), 28 December 2005. Date of Access: 29 December 2005. [http://www.timesonline.co.uk/article/0,13509-1960806\\_2\\_00.html](http://www.timesonline.co.uk/article/0,13509-1960806_2_00.html).

<sup>138</sup> Russia Assumes Group of Eight Presidency, USA Today, (Moscow), 31 December 2005. Date of Access: 2 January 2006. [http://www.usatoday.com/news/world/2005-12-31-putin-g-eight\\_x.htm](http://www.usatoday.com/news/world/2005-12-31-putin-g-eight_x.htm).

<sup>139</sup> Reading Russia Right, Carnegie Moscow Center - Carnegie Endowment for International Peace, (Moscow), 14 October 2005. Date of Access: 3 January 2006. <http://www.carnegie.ru/en/pubs/media/73246.htm>.



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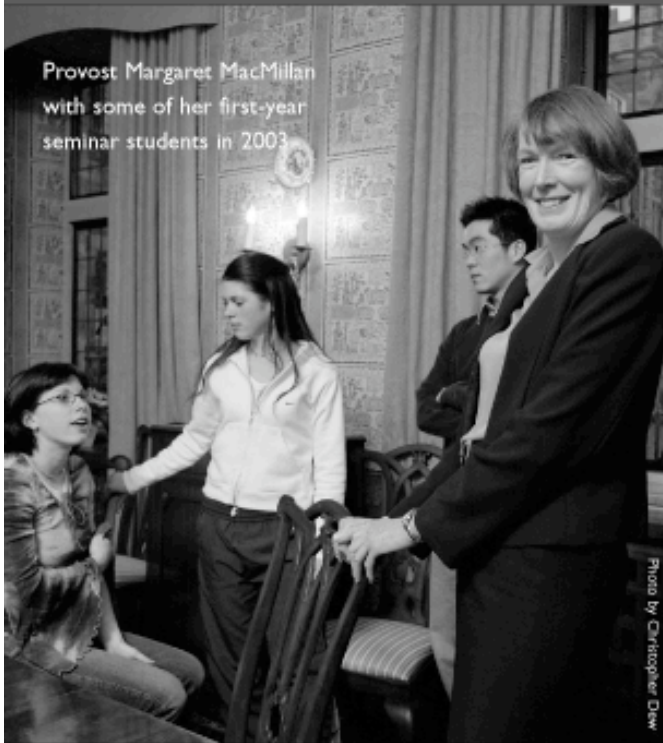


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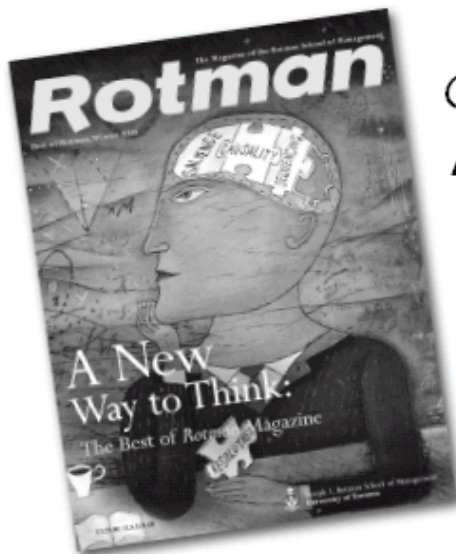
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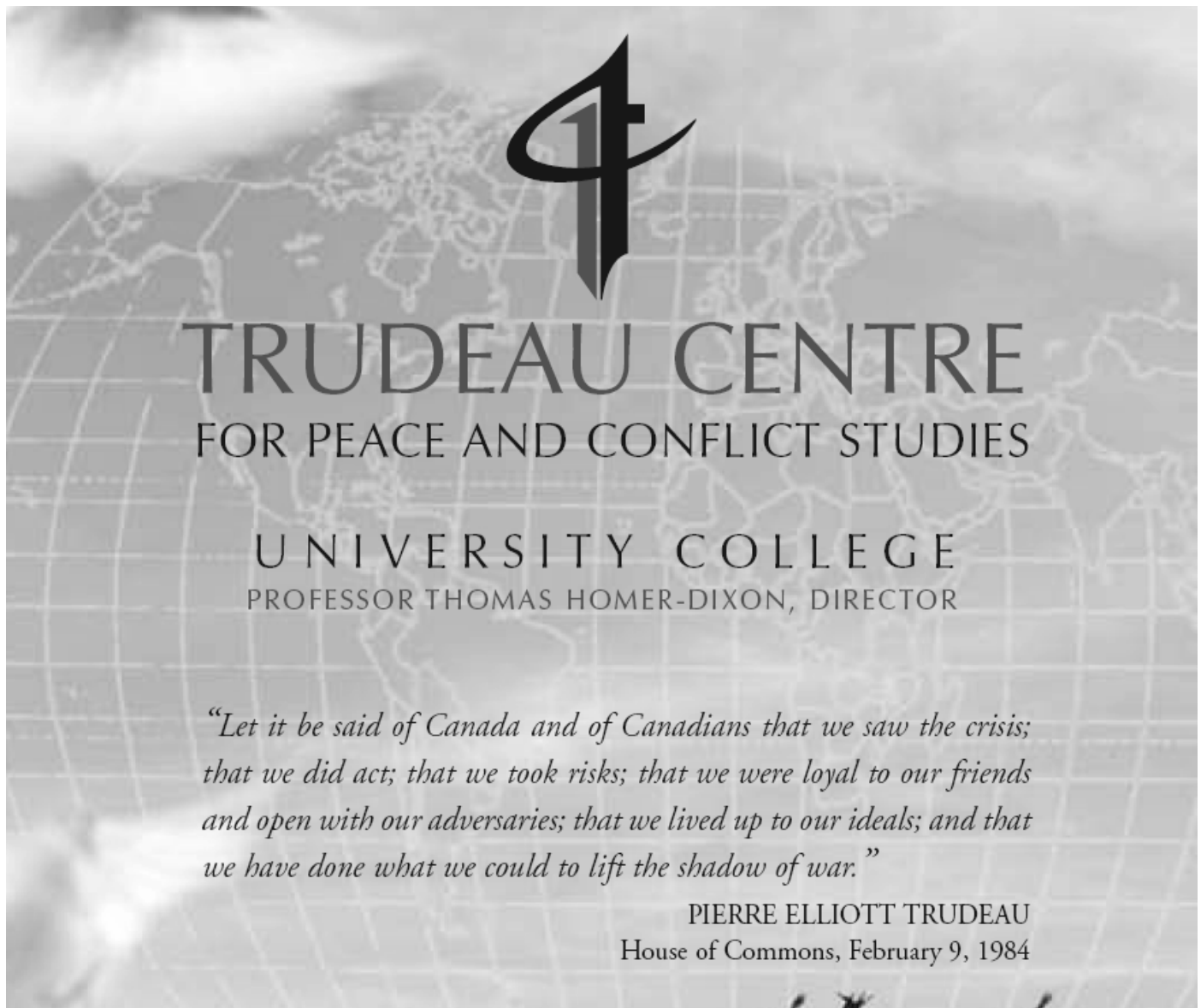
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