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### UK-Russia Political Relations

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## UK-Russia Political Relations

### Introduction

‘Spy scandal strains relations between Russia and Britain’ proclaimed the headlines.<sup>1</sup> The British prime minister and Russian president both sought to downplay accusations from the Russian security services that the United Kingdom had been engaged in espionage in Moscow, using agents who were ostensibly working as diplomats in the British embassy. At the highest political level both sides were keen to talk up the continuing good relations between the two countries, building on recent successful summits between president and prime minister, and more formal state visits just a couple of years earlier between the Queen and the president. Such good relations, it was emphasised, stemmed from longer lasting modes of cooperation based on trade links, investments, and Russia’s relations with such bodies as the EU, NATO, the UN, and the OSCE.

The headline noted above is from 1996. A tit-for-tat agreed withdrawal of four British diplomats from Moscow and four Russian diplomats from London served as a reminder that despite the end of the Cold War and the development of warm relations between Russia and the UK, the collection of covert information still went on between friendly states. This arose in May 1996, just a month after Prime Minister John Major had visited President Boris Yeltsin in Moscow, and less than two years since Queen Elizabeth II had made her historic state visit to Russia in October 1994.

The situation the headline describes, however, could apply to either 1996 or 2006. In January 2006 the Russian state security service, the FSB, named four British diplomats in the Moscow Embassy as spies, producing film footage of what it said were these British spies retrieving data from a fake rock packed with computer equipment and located in a Moscow park. Since the film footage showed the ‘rock’ being taken away by the individual concerned, the FSB had to explain how they were able to display a ‘British spy rock’ to the media. The answer came from the FSB that their agents had spent a month scouring Moscow for similar rocks before eventually discovering one and revealing it along with the earlier film footage.<sup>2</sup> Just as in 1996, a meeting between the countries’ leaders – by now Prime Minister Tony Blair and President Vladimir Putin – had been held just months earlier, in June 2005, in Moscow and had been talked up positively by both sides. Two years earlier, in June 2003, Putin had become the first Russian leader in 125 years to be granted a full state visit to London.

Superficially then, it would seem that little has changed in Russian-British relations in the past decade. The spy scandals show lingering distrust; the public way in which these cases were resolved is not the norm for firm and long-standing allies. Nonetheless, that no serious breach apparently occurred is indicative of the commitment on both sides to a cooperative and developing relationship. Indeed so often have formal declarations to this effect been made that Russian defence minister, Sergei Ivanov, when opening a meeting with the then British Foreign Secretary Jack Straw in October 2001, declared that it had

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<sup>1</sup> [www.cnn.com/WORLD/9605/07/russia.britain.spy](http://www.cnn.com/WORLD/9605/07/russia.britain.spy)

<sup>2</sup> ‘Fake Rock Is Worth Millions’, *The Moscow Times*, 27 January 2006, p. 2

become a cliché to utter some phrase about the ‘dynamic development’ of Russian-British relations on such occasions.<sup>3</sup>

Underneath the surface, however, much has changed in the UK’s relationship with Russia since the 1990s. Such changes have turned out largely for the worse as the end of the Blair-Putin era nears. It is this apparent decline in Britain-Russia relations which this chapter briefly explores, concentrating on elite-level relations and outlining a series of developments which have both caused and reflected this decline in relations.

It is important to emphasise at the outset, however, that a focus on high-profile and elite-level events is not the whole story. In fact, issues which make the headlines – such as spy scandals, visa and extradition refusals, and apparent tension between prime minister and president – although seemingly constant irritants, are to some extent ‘surface’ issues with temporary resonance. Undergirding Britain’s relationship with Russia are more permanent interests, such as trade, energy, investment and security.

Furthermore, Britain’s relationship with Russia is conducted in a wider context: contacts are ongoing, agreements are reached, and international obligations signed up to within the context of the United Nations, the G8, the Council of Europe, the OSCE, EU-Russian relations, NATO-Russian relations. That I focus here on the bilateral impediments hampering UK-Russian relations in mid-2006 is not to imply that the relationship is in crisis. Undergirding factors and overarching frameworks provide a context of greater stability and mutual interest than is apparent throughout much of this chapter.

### **Blair and Putin – Auspicious Beginnings**

Both Prime Minister Blair and President Putin have set great store in personal diplomacy. Blair’s conviction that his persuasive charm face-to-face can exert influence on international events has been evident on numerous occasions, such as during the Kosovo crisis in 1999 and in the aftermath of 9/11. The former Conservative foreign secretary, Sir Malcolm Rifkind, noted this trait of Blair’s with specific reference to the Blair-Putin meeting of April 2003 in Moscow, declaring that:

‘The prime minister has this extraordinary belief that personal relations can overcome national interests. They can’t. Where there is sufficient common ground a good personal relationship can make a difference. But no leader can be expected to override national interests ... There is this assumption that because Russia is not communist it will be another western country. We are a long way from that.’<sup>4</sup>

Similarly, Putin, immediately on taking office, showed himself to be a foreign policy activist. He began a series of foreign trips designed to demonstrate that he is personally engaged in international affairs to a far greater extent than his predecessor, Boris Yeltsin. In his first ten months in office he visited the UK, Germany, France, Italy, Spain, China, Japan, Mongolia, Cuba, North Korea, Belarus, Ukraine, Azerbaijan, Uzbekistan,

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<sup>3</sup> ‘Russia’s Defence Minister, British Foreign Secretary On Russian-British Contacts’, *On-Line Pravda*, 31 October 2001 [http://newsfromrussia.com/diplomatic/2001/10/31/19766\\_.html](http://newsfromrussia.com/diplomatic/2001/10/31/19766_.html)

<sup>4</sup> Nicholas Watt and Patrick Wintour, ‘Russia’s mood misjudged as friends fall out’, *The Guardian*, 30 April 2003.

Turkmenistan, and Kazakhstan. Not only does Putin speak fluent German, but he also made it his business on taking office to learn English, progressing sufficiently to be able to converse with Tony Blair in private during his visit Moscow in 2003.

At the beginning of the Putin era Blair was of particular interest to Russia's new regime for several reasons. The relatively young British prime minister was seen as a key player in Europe in the coming years. It was Blair perhaps more than any other who had driven the NATO intervention in Kosovo of 1999, thereby demonstrating his influence both in Europe and in the United States, and was prominent amongst EU leaders in supporting rapid enlargement eastwards. He was therefore seen in Moscow as a potential bridge between Russia and the US. Although Putin was quite able to conduct his own diplomacy with US President Clinton, a good relationship with Blair, who was close to Clinton personally and in policy terms, could only enhance Russia's attempts to rebuild relations with the US, which had been damaged both by the Kosovo conflict and President Yeltsin's increasingly erratic attitude towards the US. Furthermore, with Clinton due to step down at the end of 2000, the Blair-Putin relationship could provide a degree of stability against the background to the change of president in the US.

In addition to these foreign policy reasons for emphasising the importance of the Blair-Putin relationship, there was also a good deal of interest amongst the Putin team in the 'new Labour' project, and the way in which the Labour government in Britain handled the packaging and communication of policies. In short, members of Putin's team thought that they may have something to learn from the Blair camp.

The Blair-Putin relationship initially flourished. Indeed arguably it flourished with unseemly haste on Blair's part in an attempt to steal a march over the other major European powers, specifically France and Germany. The unseemly nature of initial Blair-Putin contacts lies in Blair's ill-advised meeting with Putin in St Petersburg two weeks *before* Russia's presidential election in March 2000, when Putin was, as Russian prime minister, only acting president of Russia and, more importantly, a candidate in the forthcoming election.

Given the readiness of Prime Minister Blair to raise the faltering state of Russian democracy in talks with President Putin in subsequent years, it is unfortunate that this first meeting between the two in effect served to endorse Putin's candidature above those of the other candidates so near to an election. That the Blair camp were aware of this difficulty seems likely given the fact that Downing Street went to the trouble of emphasising that the prime minister's visit was not 'official' but in response to a 'personal invitation' from Putin. Although it was indeed the case that the initiative for the meeting had come from the Russian side, such a distinction between 'official' and 'personal' appears sophistic, given that the meeting resulted in a number of policy-related statements, a photo-call for the press, and Blair reportedly telling the media that his enjoyment of the dialogue with Putin was 'a very good omen for the future', thereby appearing to endorse Putin's candidature ahead of the polls.<sup>5</sup> Of course it made perfect sense from one point of view for the British prime minister to forge early positive relations with Putin. The suspicion remains, however, that Putin had an eye on

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<sup>5</sup> *Russia Reform Monitor* No. 754, March 15, 2000, American Foreign Policy Council, Washington, D.C. [www.afpc.org/rrm/rrm754.htm](http://www.afpc.org/rrm/rrm754.htm)

electioneering when inviting perhaps the most eye-catching European leader of the time to St Petersburg a fortnight before polling day, and that the British leader was a little too eager to take this opportunity, rather than waiting a couple of weeks for the Russian people to confirm that Putin was indeed their chosen head of state.

Whatever the precise machinations behind the March 2000 visit, Blair received his reward in kind, with Vladimir Putin making London the destination for his first foreign trip on being elected president – albeit with a stopover in Belarus en route. German Chancellor Gerhard Schroeder had let it be known that he would be glad to have an ‘early visit’ with Putin, but instead the Kremlin opted for a visit to London in April 2000, in a move which some Russian observers interpreted as marking a break with Yeltsin’s focus on the Moscow-Berlin-Paris axis and reflecting Russian unhappiness with German attitudes to the Chechen conflict.<sup>6</sup> It is ironic that what Russia should see as Britain’s unhelpful attitude to the situation in Chechnya should in later years play such a key role in souring these initially close relations.

### **Blair and Putin – a relationship in decline**

The state and the status of the Blair-Putin relationship in 2006 are both markedly diminished from that which held six years earlier. Russia’s increasingly confident stance as a self-styled ‘sovereign democracy’ on the world stage has meant that notions of using the United Kingdom as a means of approach to the United States are no longer considered necessary, since direct communication with the US leadership occurs regularly enough. Furthermore, the imminent departure of Tony Blair from the prime ministership, alongside a series of bilateral grievances, render the utility of Britain-Russian summitry somewhat diminished.

As noted above, the bilateral aspects of the UK’s relationship with Russia must be viewed within a wider setting. The bilateral downturn of 2003 onwards was ameliorated to some extent in 2005 and 2006 by the necessity for closer relations between the UK and Russia within the multilateral context, since Britain held the presidency of the G8 throughout 2005, and the EU presidency in the second half of 2005. The handover of the G8 presidency from Britain to Russia required heightened diplomatic contact, but such contact occurred in parallel with declining bilateral relations, running alongside but not touching. As UK-Russian relations seemed to become increasingly tetchy and problematic in many aspects, within the context of the EU, the G8 and other international fora cooperation continued, and – measured by trade and investment statistics – relations flourished. However, at what the Russians call ‘the highest level’, the previous warmth between Blair and Putin demonstrably cooled, as a range of disagreements emerged.

From the Putin side there have been a number of occasions where the Russian president has not shied away from seeking to embarrass Blair publicly. The first noticeable such occurrence stemmed from UK-Russian disagreement over the need to go to war in Iraq in 2003. In an April 2003 meeting in Moscow, Putin punctured any sense of triumph that the British prime minister may have been feeling over the successful toppling of the Saddam Hussein regime by coalition forces, concentrating instead on the fate of Saddam and the weapons of mass destruction, which both Blair and Putin still thought at the time

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<sup>6</sup> Yevgenii Grigoriev, ‘Berlin stavit na “nemetskuyu kartu”’, *Nezavisimaya gazeta*, 30 March 2000.

to exist. In a somewhat mocking remark as he sat opposite Blair in a post-summit press conference, President Putin asked rhetorically, 'where is Saddam? And where are these weapons for which the war was started? Well perhaps Saddam is sitting on these boxes in his secret bunker and thinking that he might blast all this stuff and threaten the life of mankind'. According to one newspaper report from the press conference, none of the Russian journalists present thought that Putin would take a stubborn line with Blair. They were wrong.<sup>7</sup>

Disagreement over the Iraq war between its opponents led by France, Russia, China, and Germany on the one hand, and supporters led by US, Britain, Spain, Italy on the other was based on a complex of issues which lie outside of the scope of this chapter. Nonetheless, a contributing factor to Russian opposition was dislike of a global order dominated by an interventionist United States. The Putin regime's emphasis on the concept of national sovereignty is a reflection of this strongly held view, and in domestic terms it can be seen in Russia's reaction to what it sees as Western interference in issues such as the Chechen conflict and the state of Russian democracy. Irritation on Putin's part at being asked by a British journalist about democracy in Russia led to a further example of Putin publicly making capital out of Blair's domestic political embarrassments at the 2006 G8 summit in St Petersburg. In responding to the journalist's questions, Putin raised the case of Lord Levy, the Labour party fundraiser who had just been arrested by British police investigating whether honours had been sold in return for donations to the party. Blair was said to be 'privately fuming' at this remark aimed at one of his closest advisers.<sup>8</sup>

The list of apparent *faux pas* in the relationship between Blair and Putin is not, however, entirely one way. In May 2005 Prime Minister Blair failed to appreciate the importance to Russia of the Victory Day celebrations marking the 60<sup>th</sup> anniversary of the fall of Berlin to Soviet troops at the end of the Second World War. U.S. President George W. Bush, China's leader Hu Jintao, Japanese Prime Minister Junichiro Koizumi, Polish President Aleksander Kwasniewski, German Chancellor Gerhard Schroeder and French president Jacques Chirac were all amongst those attending. Britain was represented, however, only by the deputy prime minister, John Prescott. Although Tony Blair apologised, citing the general election of five days earlier and the demands of forming his cabinet, some Russian press reports observed regretfully that he 'considered internal party matters more significant than the Moscow ceremony', and noted similar unflattering criticism in the British press.<sup>9</sup> It seems likely that Downing Street with hindsight may have considered Blair's absence from the Victory Day celebrations a mistake. Certainly the prime minister went out of his way to explain himself in this regard when he visited Putin a month later as part of the preparation for July's G8 summit in Scotland. Mr Blair emphasised that "On May 9, I was busy forming a new government, and, unfortunately, I was unable to come. But I would like to take the opportunity to commemorate the courage and heroism of the Russian people, who drove

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<sup>7</sup> Andrei Kolesnikov, 'Otkrytie mertvogo sezona', *Kommersant Daily*, 30 April 2003 p. 1.

<sup>8</sup> Catherine Belton, 'Relishing Russia's Return to World Stage', *The Moscow Times*, 18 July 2006. p. 1.

<sup>9</sup> Vadim Markushin, 'Razmyshleniya posle torzhestv. Parad pravdy', *Krasnaya zvezda*, 12 May 2005. p. 1

back fascism. I would like to remind you that cooperation between Russia and Britain in this endeavor was among the closest of all.”<sup>10</sup>

### **Visas, extradition and NGOs**

Although the relationship between Blair and Putin serves as a useful indicator of Britain-Russia relations, it is by no means the whole story. On one hand, as noted above, there are consistent mutual interests which foster interaction advantageous to both states in specific spheres of activity, many of which are covered elsewhere in this volume. In particular, when emphasising the positive in Britain-Russia relations the focus repeatedly falls on financial and business relations. In trade terms, the UK is a relatively small-scale partner in comparison with other European countries, China, and the United States, accounting in 2004 for 3.1 per cent of the total volume of Russian exports, with 2.7 per cent of imports into Russia coming from the UK.<sup>11</sup> Nonetheless these figures were a significant increase on previous years.

Investment data, however, are much more impressive. British investments in Russia in 2005 reached nearly \$8.5 billion, out of a total of \$53.7 billion, while Russian investments in Great Britain were higher than \$12.5 billion, making Russia one of the top foreign investors in the British economy.<sup>12</sup> London has become a centre for Russian businessmen and investors, exemplified in the public eye by Roman Abramovich’s investment in Chelsea Football Club and by the annual Russian Economic Forum, which will meet in London for the 10<sup>th</sup> year in succession in 2007 and each year attracts many Russian businessmen and high-ranking politicians.

On the other hand, even these areas of activity have raised tensions at the highest levels in 2006. The Browder case is one example of apparently arbitrary – even perverse – action by Russia undermining relations. William Browder, an American-born British citizen, is CEO of Hermitage Capital Management, Russia’s biggest foreign portfolio investor. He was denied entry to Russia in November 2005, and his efforts to regain his visa were backed by British Foreign Secretary Jack Straw and reportedly raised personally by Tony Blair in his meeting with President Putin at the G8 Summit in St Petersburg, July 2006.

Browder is known for two stances in particular. First, he has been an indefatigable advocate of foreign investment in Russia and unfailingly optimistic about Russia’s growth prospects. At the 2005 World Economic Forum in Davos he was almost a lone voice promoting Russia, gathering together a group of influential journalists for a breakfast at which he gave a presentation to make this case. Second, he has fought

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<sup>10</sup> Alla Barakhova, Boris Volkhonsky, ‘Peregovory na vyshem urovne: Vladimir Putin popytalsya prinyat’ Toni Blera kak druga’, *Kommersant Daily*, 14 June 2005. p. 9

<sup>11</sup> In 2004 in total volume of export of Russia the share of the Netherlands accounted for 8.4%, Germany - 7.3, Italy - 6.7, China - 5.6, Switzerland - 4.3, USA - 3.6, Finland - 3.2, Great Britain - 3.1, and Japan - 1.9%. In imports shipments from Germany account for 14.0% of total imports into Russia, China - 6.3, Italy - 4.2, USA - 4.2, France - 4.1, Finland - 3.1, Poland - 3.1, Great Britain - 2.7, and the Netherlands - 1.8%. [www.gks.ru/bgd/regl/B05\\_12/IssWWW.exe/Stg/d000/25-05.htm](http://www.gks.ru/bgd/regl/B05_12/IssWWW.exe/Stg/d000/25-05.htm) (last accessed 24 July 2006).

<sup>12</sup> Alla Barakhova, Boris Volkhonsky ‘Peregovory na vyshem urovne: Vladimir Putin popytalsya prinyat’ Toni Blera kak druga’, *Kommersant Daily*, 14 June 2005. p. 9; RIA Novosti ‘Foreign investment in Russia up 32.4% in 2005’, 22 February 2006, <http://en.rian.ru/business/20060222/43710274.html>



equally tirelessly for good corporate governance and shareholders' rights in Russia, campaigning for the same with regard to such Russian giants as Unified Energy Systems, Sberbank, Gazprom, and Surgutneftegaz.

There has been no public statement explaining the removal of Browder's right to travel to Russia. A letter to Hermitage Capital Management in January reportedly stated simply that the decision was in line with Russia's immigration law barring entry to those considered a threat to the security of the state, public order or public health. Browder's campaigns for better corporate governance have annoyed senior figures in Russian business and the assumption of many is that this lies behind the decision to ban him from Russia. To refuse him a visa looks vindictive and arbitrary, as well as creating a bad press in the West.

If the British government is agitated by the Browder case, then the Russian government is annoyed at Britain over the refusal of British courts to extradite 16 men – including businessman Boris Berezovsky, Chechen emissary Akhmed Zakayev, and executives of the YUKOS oil company – which it accuses of a range of offences from terrorism, through tax fraud, to plotting to overthrow the government. President Putin apparently remains convinced that such refusals are politically motivated and that if the UK government wanted to, it could arrange for the extraditions to happen. The notion of the separation of judiciary and executive appears to remain somewhat alien to Russia in this particular sphere.

The appointment of Yuri Chaika to the position of Prosecutor General in summer 2006 appears to herald renewed attempts to secure the desired extraditions, but this time with a declared emphasis on preparing more robust legal cases than previously.<sup>13</sup> The Russian Prosecutor General's Office has launched a new case based on charges of instigating ethnic enmity against Zakayev. The Prosecutor General's Office therefore claims that interviews given by Zakayev which allegedly incite the hatred and the force against ethnic Russians come under the UK's law on terrorism which restricts calling for committing or preparing terrorist acts.<sup>14</sup>

Even so, there is by no means any guarantee of success, and indeed it appears unlikely that unless new evidence or charges are forthcoming, Russia's requests will continue to be frustrated by the British legal system. The UK's official position has been clear, however: Russia must meet two criteria before extradition processes can begin. First, the evidence against these people must be more coherent and convincing; second, UK courts must be convinced of the guarantee of a fair trial in Russia. The UK official emphasis has been on the independence of the courts and judiciary and inability of the government to influence this for political reasons.

To the Putin team, however, the British stance on these extradition cases represents just one example of what it is increasingly referring to as the West's 'double standards'. At

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<sup>13</sup> Russia previously charged Zakayev with forming criminal bands and the attempted murder of a police officer. Moscow also believes he was involved in the Dubrovka theatre hostage crisis. UK courts have rejected seven previous attempts to extradite him.

<sup>14</sup> 'Russian Prosecutors Bring New Charges Against Chechen Rebel Figure Zakayev', *Mosnews*, [www.mosnews.com/news/2006/07/26/zakayevnewcase.shtml](http://www.mosnews.com/news/2006/07/26/zakayevnewcase.shtml)

the Conference of Prosecutors General of Europe in Moscow in July 2006 Putin declared that Russia is:

open for honest and non-politicised dialogue on human rights issues. We want this dialogue to focus on finding solutions to concrete problems. There are plenty of problems both in the West and in the East. But it is unacceptable to us that human rights issues should be used as a means of exerting political pressure or pursuing opportunistic aims of any sort ... We find it hard to explain, for example, why some countries refuse to extradite terrorism suspects and even go as far as to give them some kind of 'political' status.<sup>15</sup>

Continuing frustration with the failure of the UK to extradite Zakayev also led Putin to emphasise his implication that the UK harboured terrorists, arguing "when we are told, 'let's bring up the subject of Syria', or Iran or any more countries that cover [foreign] terrorists, why not mention other countries as well?"<sup>16</sup>

A reflection of this view that issues such as human rights and legal affairs are political affairs both for the UK and for Russia is apparent in the way in which Russia has clamped down on British support for non-governmental organisations (NGOs) in Russia in recent years. The Russian Interior Ministry's Economic and Tax Fraud Service demanded to examine the British Council's financial records in June 2004, with the demands only being dropped after a meeting between Putin and Tony Blair and a halt being called to most of the Council's programs in Russia several months later. However, by 2006 similar demands were being made again.<sup>17</sup> Echoes of the Browder case can also be found in relation to human rights issues. In November 2005 Professor Bill Bowring, a respected human rights lawyer with many years experience of working in Russia, was held at Moscow's Sheremetovo airport on his way into Russia, before having his multi-entry visa cancelled.

As noted in the introduction to this chapter, spy scandals have remained a constant in UK-Russia relations throughout the post-Soviet era. In addition to the two instances mentioned there, in May 2005 MI5 reportedly warned government departments in the UK of the existence of 32 Russian agents operating under diplomatic cover from the Russian embassy in London. The warning apparently went so far as to identify the number plates of cars used by the alleged Russian agents, and to cite their activity as 'substantial' threat to the UK.<sup>18</sup>

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<sup>15</sup> Vladimir Putin, 'Address at the Seventh Conference of European Prosecutors-General', Moscow, 5 July 2006. Available on the presidential website

[www.president.kremlin.ru/eng/speeches/2006/07/05/2050\\_type82914type84779\\_108285.shtml](http://www.president.kremlin.ru/eng/speeches/2006/07/05/2050_type82914type84779_108285.shtml).

<sup>16</sup> Russia's Putin Once More Demands Extradition of Rebel Chechen Envoy From UK', *Mosnews*, [www.mosnews.com/news/2006/07/17/givesuzak.shtml](http://www.mosnews.com/news/2006/07/17/givesuzak.shtml).

<sup>17</sup> Mikhail Zygar, Alexander Reutov, Arina Borodina, Yulia Taratuta, Vlad Trifonov, 'Spetsoperatsiya. Golos za kamen', *Kommersant Daily*, 24 January 2006. p. 1.

<sup>18</sup> Gordon Thomas, 'Russians' Secret Germ Warfare Hideout', *Globe-Intel Net*, 17 May 2005. [www.globe-intel.net/?p=24](http://www.globe-intel.net/?p=24) (last accessed 25 July 2006); Sean Rayment, 'Russian spies are trying to steal our secrets again', *The Daily Telegraph*, 15 May 2005.

[www.telegraph.co.uk/news/main.jhtml?xml=/news/2005/05/15/nspy15.xml&sSheet=/news/2005/05/15/ixh\\_ome.html](http://www.telegraph.co.uk/news/main.jhtml?xml=/news/2005/05/15/nspy15.xml&sSheet=/news/2005/05/15/ixh_ome.html). (last accessed 25 July 2006).

As noted above, this need not in itself be particularly significant in terms of UK-Russia relations – we know that countries spy on each other, and sometimes spies get caught. What was of particular interest though was the way in which the FSB spokesmen on the television programme went out of their way to link allegations of espionage to the activities of NGOs. Much of the 22 January 2006 broadcast was devoted to the FSB's case, with documentary evidence, that one of the alleged spies had also been the signatory for financial grants from the UK government to the various NGOs, including the Moscow Helsinki Group and the Eurasia Foundation.

A second broadcast on 29 January continued to give details, from FSB sources, of further NGOs which had received money authorised by alleged British spies. The evidence provided by the FSB for the existence of a British spy network may have seemed convincing, but the evidence that NGOs were receiving money from foreign intelligence agencies, and by implication acting as a front for them, was almost non-existent. Any accredited British diplomat engaged in espionage in Moscow will have a formal position in the Embassy, such as that held by the diplomat in question in this case in the political section. The fact that he may have signed off financial grants in the course of his formal duties is entirely regular for a member of that section. The money granted to those NGOs named by the FSB has long been a matter of open public record and, as Lyudmilla Alekseyeva, chairperson of the Moscow Helsinki Group, pointed out, it is no secret that many NGOs receive money from abroad, that does not make them spies.

UK political reactions to YUKOS & UK concerns about democracy in Russia, particularly given your comments on p.3?

### **Conclusions**

A complex range of issues undermined high level relations between the UK and Russia in recent years, and many of these remain unresolved. Four stand out.

First, many of the negative elements souring UK-Russian relations have come about because, despite formal declarations and engagement within multilateral fora such as the EU-Russian partnership framework and the G8, there has increasingly been a focus on bilateral elements in the relationship. Under this heading come issues such as the refusal of British courts to extradite men wanted in Russia for alleged offences relating to terrorism, the Yukos affair, and security matters; Russian actions such as depriving high-profile British visitors of their visas and putting pressure on the activities of the British Council in Russia and on the funding of non-governmental organisations by Britain; and heightened attention being given on both sides to espionage matters.

Second, decreasing unity on the part of 'the West' in the early years of the 21<sup>st</sup> century has encouraged differentiation in Russia's foreign policy towards western powers, and has intensified competition between European powers with regard to good relations with Russia. Despite frequent arguments by some observers that the era of the nation state is gone and the era of globalisation is here, this is far from the case in Putin's foreign policy and in UK-Russian relations.

Third, the personal impact of Prime Minister Tony Blair as a key interlocutor has declined since the beginning of the century. When President Putin came to power in 2000, Tony Blair was seen by many as the most influential leader in Europe, a man of the

future as opposed to the other leaders of key western powers who seemed to be on their way out. Six years later, however, Blair's political stature had diminished, not least because he was nearing the end of his prime ministership, and new leaders in Europe – such as Chancellor Merkel of Germany – were coming to the fore. Furthermore, any role for Prime Minister Blair as a bridge between Russia and the United States was less necessary.

Fourth, and related to the above, there are serious “value” differences between the UK and Russia. Two examples illustrate this. First, there is the difference over the independence of important elements of non-governmental society, such as the judiciary and big business – highlighted both by the examples of extradition and the discussions surrounding Gazprom's acquisition of Centrica. Second, the UK support for grass-roots society is at odds with the Russian approach, illustrated by the differing approaches to NGOs.

To put it bluntly, the importance of the Blair-Putin relationship to Russia, and indeed the political relationship between Britain and Russia as a whole, has decreased notably in recent years. This will not remain the case for ever, and even as it has occurred, mutual interests and obligations have continued to keep formal contacts and cooperation on many levels positive. However, simultaneously it raises the importance of the role of other actors, particularly those in business and security fields in maintaining the relationship, while the ability of the political dimension to enhance these contacts or support them in case of difficulty is reduced. It may take the replacement of both Blair and Putin, planned in each case by mid-2008, to provide a public boost to elite level relations.