

# **A Diplomatic Quid Pro Quo? Moscow's Response to the Closure of Russian Compounds in the U.S.**

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## ***EXECUTIVE SUMMARY***

In December 2016 then U.S. President Barack Obama approved a set of measures designed to retaliate against Russia for its increasingly violent harassment campaign of American diplomats and intelligence officers, especially those based in Moscow. Although not new, the severity of the harassment and intimidation efforts have [“increased significantly”](#) since Moscow’s 2014 invasion of Ukraine, and Washington’s multiple rounds of sanctions in response. The measures approved by President Obama last winter were three-pronged. The first mandated the shuttering of two compounds used by Russian officials since the mid-1980s. The second evicted all Russian nationals from both compounds (one in Maryland, another in New York) within 24 hours. The third element resulted in the expulsion of 35 unnamed Russian officials and their families whom the Obama administration characterised as [“intelligence operatives”](#). Although some American observers viewed the measures as solely [“symbolic”](#), the Kremlin perceived the same as a [“hostile act”](#); the resolution of which remains [“at the top of its bilateral agenda”](#). This perceptual difference contributes to reaching a negotiated resolution more difficult.

**Keywords:** Russia; United States

## ***Introduction***

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Since Soviet times, American diplomats, particularly those stationed in Moscow, have had to contend with extensive surveillance by Russian security forces. After the end of the Cold War that pressure subsided - although never disappeared entirely - as the two former adversaries continued to pursue intelligence and counterintelligence missions in the other capital. Currently, even after the December 2016 eviction of alleged intelligence assets, Moscow retains "[more intelligence operatives](#) than any other nation in [the U.S]." Likewise, Washington continues to conduct covert operations in Moscow and elsewhere in Russia. What has changed, though, is the Kremlin's treatment of U.S. diplomats in Russia, particularly of those stationed in Moscow.

### ***Harassment on the Rise***

In March 2014 Moscow unilaterally annexed Ukraine's Crimean peninsula, and sparked a conflict which continues to this day. The event [prompted](#) Washington to levy several rounds of sanctions on Moscow. Although observers continue to debate the efficacy of the sanctions, their deleterious effect on the treatment of U.S. diplomats in Russia is undisputed. Following the enactment of the sanctions, "harassment and surveillance of U.S. diplomatic staff in Moscow by [Russian] security personnel and traffic police have [increased significantly](#)," to a level "[far more serious](#)" than American diplomats had seen in 2013.

The increased harassment has been levied on U.S. diplomatic staff, regardless of seniority. American embassy personnel reported that "[routine harassment increased significantly](#) after the Ukraine-related sanctions." Routine harassment included; discrete surveillance of diplomats and/or their family members, arriving at social events uninvited, and recruiting journalists to conduct smear campaigns in the press. The more sinister variant involved; home invasions, [drugging](#), increased stops by Russian traffic police, and physical assaults. Then U.S. Ambassador to Russia Michael McFaul reported to the State Department that intelligence personnel followed his children to school, and that they "[wanted his family to know they were being watched](#)." While the State Department has established procedures to report and track such incidents, the diplomats who have complied "[faced the worst of it](#)." Efforts, including by then U.S. Secretary of State John Kerry to raise the issue with Russian President Vladimir Putin were unsuccessful.

### ***Attempting to Ameliorate the Harassment***

Following numerous requests by ambassadors for the State Department to rectify the situation, then Secretary Kerry raised the increased harassment issue with President Putin directly in a one-on-one meeting. Putin "[made no promises about ending the harassment](#)", which persisted after Kerry returned to Washington. However, Russian embassy

staff tacitly has admitted to perpetrating the harassment and has defended it as a response to the allegedly “[steadily deteriorating](#)” situation which confronts Russian diplomats in the United States. However, there is “[no equivalence](#)” between the restrictions placed on Russian diplomats in the U.S. and the harassment levied on American diplomatic staff stationed in Moscow. The latter has a real escalation potential. Partly due to this danger, and constrained by the principle of diplomatic reciprocity, the Obama administration was expected to respond in kind. However, Washington chose an alternative path forward.

### ***Washington's Policy Process***

Many actors, not just the State Department, urged the Obama administration to respond to Moscow's increased harassment of the U.S. diplomatic corps stationed in Russia. The administration debated [many options for punishing Russia](#). Ultimately, Obama authorised “a [modest package](#) [consisting of] expulsions of 35 diplomats and the closure of two Russian compounds - with economic sanctions so narrowly targeted that even those who helped design them describe their impact as largely symbolic.” Some U.S. intelligence officials characterised all the measures approved by the President as “[weak and symbolic](#),” not solely the economic sanctions. Obama had opted for a less confrontational approach. Even supporters of the approved measures were disappointed.

The Federal Bureau of Investigation (FBI) long had lobbied for the closure of the compounds. [Aerial surveillance](#) had led the Bureau to suspect that the Russian staff of the New York compound had been “using the mansion to [conduct electronic surveillance](#) of Long Island's defense and technology industries.” The Maryland compound, according to the Bureau, had been used [to surveil the National Security Agency \(NSA\)](#), among other nearby high value targets. The approved measures, which at first may have seemed to have been a coup for the Bureau, “will force the FBI to [go back to work trying to identify a new crop of spies](#) the Russians will almost certainly send to the United States.” Of course, detractors of the approved measures also were displeased. This category included; members of the U.S. Congress, the Russian diplomatic corps, and high level officials in Moscow.

### ***Responses to the Compounds' Closure***

Following their approval, the measures were criticised by various constituents in the U.S., and in Russia. For instance, Republican Congressman Michael Turner from Ohio lamented that “[there have been no consequences for Russia](#).” Prior to the compounds' closure, Russian officials had claimed that the buildings were “[just giant rec rooms for its diplomats](#).” However, items such as; antennas, electronics, computers, file cabinets among others seized by the FBI during the closure of the compounds lent support to the Obama administration's claim that the locations had been used for intelligence gathering purposes - not only

for recreation. Although, as critics of the measures pointed out, [“the \[Obama\] administration offered no proof linking the Russians being expelled to intelligence activities”](#), their removal [“will slow down Russia’s activities in the United States”](#) - at least until their replacements arrive. Unsurprisingly, the response of Russian officials to the compounds’ closure has been far more pointed.

### ***Moscow Responds***

Russian officials, including the former Russian Ambassador to the United States, Sergey Kislyak, have been roundly critical of [“the seizure”](#) and [“the expropriation”](#) of their former compounds in New York and Maryland. Kislyak’s statement that the dispute over the compounds is [“something we raise each and every day”](#) with the United States is but one indicator of the issue’s importance to Moscow. This sentiment was echoed by the Russian Foreign Ministry which threatened “if the US doesn’t restore Russian access to the [properties] [the Kremlin would reply in kind regarding US property in Russia.](#)” In fact, the Kremlin has gone so far as to declare that the [“compound issue is at the top of its bilateral agenda”](#) and has to be resolved before other issues could be addressed. Washington imparts much less importance to this issue.

### ***Washington's Position***

Recognising the importance of the compounds to Russia, the U.S. has engaged in [“ongoing”](#) talks regarding the issue. However, the U.S. views the issue

fundamentally differently than Russia. This difference even is reflected in the terminology employed by the two sides. While the Kremlin has indicated that re-acquiring control of the compounds tops its bilateral agenda with Washington, the State Department considers the item merely [“an irritant”](#) - one of many plaguing the U.S.-Russian relationship. The linguistic difference underlines Washington’s divergent stance on reverting the compounds to Russian control.

The Obama administration viewed the eviction of the 35 suspected Russian intelligence officers, and the closure of the two Russian compounds as final. In the words of one former Obama administration official, [“we had no intention of ever giving them back.”](#) More recently, the Donald Trump administration has been considering once again allowing a Russian presence on both compounds. To prevent the Russians from re-engaging in intelligence related activities, the Trump administration’s plan envisions revoking the compounds’ diplomatic immunity, and obtaining assurances from the Kremlin that the locations no longer would be utilised for intelligence purposes. This strategy is unlikely to succeed.

Critics of the Trump administration’s proposed approach to resolving the compounds’ issue have identified several shortcomings in the same. At the very least re-opening the compounds to the Russians [“would make it easier for the Kremlin to continue its intelligence operations... and make it clear that they](#)

can avoid consequences for their actions.” Further, the Kremlin is unlikely to agree to re-occupy the compounds without the diplomatic immunity the buildings had previously enjoyed. In the absence of diplomatic immunity, the compounds would be open to entry by U.S. law enforcement - hardly a welcome development for the buildings’ Russian occupants. Moreover, the assurances that the administration would obtain from the Kremlin regarding future activities at the compounds (like those it had obtained in the past) are unlikely to be veracious.

### ***The Negotiations: A Stalemate***

Washington and Moscow are unlikely to resolve their differences on the compounds’ issue easily. This is so not only because the two sides’ negotiating positions are disparate. For its part, Washington would like to see the end of U.S. personnel harassment in Russia, verifiable assurances that the compounds,

if re-opened to Russian officials, would not be used for intelligence collection, and access to land in St. Petersburg suitable for building a new U.S. consulate. The Kremlin remains inflexible on the first two issues, while the St. Petersburg land under discussion is “considered largely unusable because of [Russian spying equipment](#) installed there.” Moscow would like to re-gain access to both compounds, as well as to re-assign some of the expelled diplomats to the U.S. The importance ascribed to the issues under discussion is another factor to consider when assessing the likelihood of the talks’ success. Here, too, there are key differences between Washington and Moscow. For the latter, resolving the compounds’ issue is of paramount importance. The U.S., by contrast, continues to view the issue as “[an irritant](#).” These factors have [derailed the latest round of talks](#) regarding the compounds between the two countries.

## ***Conclusion and Policy Recommendations***

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Then-President Obama's decision to shutter two compounds in the United States reportedly used by Russian diplomats for intelligence purposes, and to expel said diplomats from the country ignited a controversy at home and abroad. Domestic critics had characterised the administration's move as weak and insufficient. By contrast, Moscow has expressed its vociferous desire to re-occupy the buildings, and to re-assign some of the expelled diplomats to the United States. In addition, the Kremlin has placed the resolution of this dispute at the top of its bilateral agenda with Washington. The U.S., by contrast, has limited interest in returning the compounds to Russian control. Washington also attaches relatively little importance to the resolution of the issue, which it views as one of many in the bilateral relationship. This difference in the perceived importance of the issue has derailed the most recent round of talks on the subject, and likely will continue to do so.

### ***Policy Recommendations***

- Align the U.S. negotiating position to better fit likely realities. Especially given the history, expecting transparency from Moscow regarding its activities in the would be re-opened compounds on U.S. soil is unrealistic. A more realistic, if expensive and labour intensive, option would be to increase surveillance of the compounds if/when they are returned to Russian control, and to insist on the revocation of the buildings' diplomatic immunity.
- Address both sides' secondary demands (access to St. Petersburg land for a consulate and the return of some of the expelled Russian diplomats to the U.S.) before tackling the main issue (whether to revert control of the two compounds to Moscow.)



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