

## EU-Russia Relations: a troubled strategic partnership?

On February 27<sup>th</sup> the EU-Russia Centre and the Egmont Institute held a major conference in Brussels on EU Russia relations. Opening the conference, Claude Misson, Director General of the Egmont Institute said that the EU had not done all it could to promote partnership with Russia. It was urgent to find ways out of the tense current state of affairs and move towards a more positive future. Medvedev, who had been hand-picked by Putin as his successor and who will, without doubt become new Russian president could mean a good opportunity for a fresh start. Fraser Cameron, Director of the EU-Russia Centre, noted the absence of any apparent interest in the electoral campaign in Russia compared to the excitement surrounding elections in the United States, Spain, and Italy. He said that the EU and Russia were “condemned” to have close relations as neighbours, but this relationship had to be built on a minimum of common values, as well as shared interests.

### *Session I – Lessons drawn: where did we go wrong and why?*

Pierre Champenois, Senior Fellow at the Egmont Institute chaired the panel, viewing the relationship from the perspective of the past.

He said that the problem in communication and reaching agreement had been partly due to the changing parameters that define the two actors: “Russia is back” and this is “a fact of life”. The EU was also a “fact of life”, although still looking for an identity. Russia was a sovereign state defined by government, while the EU was an enlarging alliance of 27 European states defined by law and common values. There was also a need to revisit the notions of East and West of Europe the light of a post-Cold war new global context. The frustration and disillusionment with the dysfunctional partnership was due to a high level of investment of time and effort without any significant results. The relationship should not be one of mere cooperation, but interdependence.

Michael Emerson, Senior Research Fellow at CEPS, considered the nature of the question “where did we (i.e. EU) go wrong” and its suggestion that “we” determine the course of history. He gave two interpretations:

- We can manage history (historical determinism): He discarded this notion: at a time when Russia was going through fundamental societal and political changes, outsiders could do nothing to influence its course. An example of this was the “kamikaze approach” of Yeltsin to destroying all communist economic structures and imposing immediate liberalisation. The hardships of today’s changes were unavoidable where the West had no influence.
- We (Europe) can influence the foreign policy of our partner (Russia): this raised the question of unity of the EU’s foreign policy. This was problematic, until now, European leaders have individually and selectively tried to influence Russia and had been successful in making bi-lateral deals (Schröder, Chirac and Berlusconi). Today, with the new European leadership in place, things were better but the record was still mixed. The EU should be more transparent, united and quick in taking decisions and replying to Russia’s actions, especially concerning areas where the EU already has stated positions (trade, WTO etc).

Mr Emerson also commented on the future Partnership and Cooperation Agreement. He believed that the EU was stuck in a policy that had been formulated two years ago and

believed it was headed for defeat in its quest for a comprehensive, legally binding agreement with Russia that covered a number of subject areas. It would be virtually impossible with 27 members, as some of them sure to reject it. Russia's view of the partnership was that it would be negotiating a "treaty-light". Therefore a solution would be to use the model of EU-US relations (a non-binding declaration) as a guide.

Günter Burghardt, Vice President of the EU-Russia Centre and former Director-General of RELEX, said that much had gone right with Russia over the past almost 20 years of the partnership. In 1989 when the USSR had been dissolved, there were only 12 EU member-states and therefore Europe, as a whole, could not keep up with the acceleration of history. The challenge of fulfilling the 11/9 (fall of the Berlin Wall) agenda was still facing Europe. During that period, Russia and Europe were not educated to interact with one another. However, the EC had advocated new Russia's invitation to the G7, and had been instrumental in providing humanitarian aid and other actions.

Turning to the present, he said that 2009 offered a unique opportunity as there were changes both in the EU and in Russia. We should work together to organise the interdependence that existed between us and include Russia into the pan-European economy. The advisable approach was not to lecture Russia, but to hold it to account for the commitments it had entered into with the Council of Europe and OSCE. The challenge was not bilateral but triangular, as it included NATO. In the future, he suggested that any mechanism of consultation that was set up should take into account both sides' sensitivities and should consider room for flexibility.

Hungarian MEP György Schöpflin said that Russia had been in a very special situation during the Yeltsin years, faced with the trauma of losing an empire. Today, it was struggling to regain this. 70% of Russia's population was very positive towards the restoration of Russia as a great power. Russia was challenging the West on its very cornerstone: democracy. It was particularly alarming that Russia was looking for allies in Europe for this purpose, including through the re-establishment of old KGB networks throughout Europe. People were ready to listen to Moscow's message because it was playing on an anti-globalisation platform. He said there was nothing unreasonable about Russia having political goals when it comes to energy supplies but the methods used were problematic. For the future he prescribed mutual respect. On Russia's side that would mean that Russia recognised that there was parity between member states within the EU. Likewise, the EU should recognise that Russia was aspiring to great-power status, despite any dislike of its methods.

#### *Questions and Answers*

To a question about the existence of common attitudes in Europe, Mr Schöpflin said that today, unlike in the '90s, there was no common attitude and interests were interpreted differently. Communists have been rebranded as socialists and many parts of Eastern Europe (especially Hungary) have become economically increasingly dependent on Russia, which had not been the case in the past decade.

Answering about the prospects for business in Russia, Michael Emerson described the situation as "the Dutch disease multiplied by six", and that while huge prosperity from natural resources was driving up economic indicators in all sectors; Russia was faced with a classic dilemma of what to do with high inflation. Mr Schöpflin added that, while Russia appeared politically stable, there was no legal stability and this affected business. This was the first time the Russian elite did not need its people to pay taxes, due to a huge tax burden on

corporations and hefty profits from selling energy resources via state-owned companies. This had a negative effect on the leadership's "behaviour" towards them and others.

Nadia Arbatova commented that the difference between the West and Russia related to the existence of a functioning democracy. In the '90s, Russian liberals would quote Voltaire (being prepared to give their lives for freedom of speech), but today, Russia was not ready to accommodate different views, leading to the conclusion that Russia was a society unprepared for democracy and therefore, the West could not "impose" it upon Russia. In fact, the present political system was popular in Russia whether we liked it or not.

Asked whether a general, "light" agreement with Russia would mean the loss of conditionality regarding human rights and respect for common values, Mr Emerson replied that the political content of any agreement negotiated now would not go beyond empty words and that Russia would not agree on any notion of conditionality. This was a concept that applied to many countries aspiring to EU membership.

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#### *Session II - Prospects for the Medvedev/Putin dream team*

Sami Andoura, Research Fellow at the Egmont Institute chaired this session, focussing on the prospects after presidential elections in Russia.

Georgy Bovt, Russian independent journalist and political scientist, studied what was to be expected from Medvedev's Russia and how it would be different from Putin's Russia. Recent polls showed that 80% of Russians were satisfied with the economic condition of the country, 70% were satisfied with the level of well-being and 65% with the level of democracy. These results were indicative of the popularity of the "regime". While anti-western rhetoric suited the leadership's goals inside Russia, the Kremlin understood there should be a limit to these sentiments - it still enjoyed the comforts of the West. This was the inherent contradiction of the elite, who send their children to study abroad, own villas in the South of France and keep money in European banks, and maintain control of propaganda.

Putin's advertised image is that of the leader who "cleaned up the house and established an order". Medvedev has still not established himself and for the moment seemed to be trying to copy Putin with mixed results. This was a dangerous passage for any politician. Medvedev had been promoted as the moderniser of Russia while deputy prime minister, although the success of so called "national projects" (affordable housing, healthcare, and education) had been invisible.

Mr Bovt questioned what common ground there was between the EU and Russia apart from energy and trade. Recent official anti-Western rhetoric, shown in a TV documentary produced by Putin's spiritual guide, father Tikhon, indicated that not even Christianity could be considered common ground. Out of the total 142 million of the population only 5 million Russians travel to Europe regularly and know anything of the continent). However, even these few were organised as a lobby for the improvement of relations.

He argued that rather than a lack of democracy, what was more urgent today in Russia was to remedy the lack of ideas. There were not enough people who can speak intelligently, even if they were allowed to speak. There could be no breakthrough without ideas, which in turn was a problem of the current educational system. It was too simple to attribute the

difficulties of Russian society to the lack of democracy when in fact it was the effectiveness of institutions that should first be tackled.

#### *Questions and Answers*

Answering a variety of questions, Mr Bovt made the following remarks:

- The potential to introduce more players into Russian politics was very limited. Russia faced a huge problem in recruiting high-level professionals in any sphere including the government.
- The whole process of negotiating an EU-Russia agreement with 27 EU member states involved will be unmanageable for the current ineffective Russian political machine.
- There was an inherent conflict between the future positions of Medvedev and Putin and it was difficult to imagine how the new arrangement would work. There was no coherent and recognisable “Medvedev team” yet and he had a long way to go before he became popular with the Presidential Administration responsible for his image campaign. The configuration of power was still unclear, but many things would in effect depend on Medvedev’s personality. Putin was interested in the economy and as a Prime Minister we would probably see him active in spheres where he had not previously been seen. However, eventually, if Putin had no formal function, he would have no power.
- Although Kasyanov and other opposition leaders were not a threat to Putin and the regime, it was necessary to “silence” them because the leadership was afraid of any unexpected developments during debates and of giving a public platform to people who would make it uncomfortable.

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#### *Session III: The way ahead: prospects for EU-Russia relations*

Fraser Cameron, Director of the EU-Russia Centre, chaired the panel, viewing the relationship from past, current and future perspectives.

Ms Nadia Arbatova, Senior Fellow at the Institute for Europe in Moscow, said that two years ago, everyone believed the EU and Russia were at a crossroads. In 2007, the EU took a different path from that taken by Russia. The title of the conference was at the heart of the relationship today, as she believed that it really was a troubled partnership. The lack of trust between the two strategic partners meant that energy was not a sufficient imperative for cooperation. Russia also faced competition with the US and the new emerging powers in Asia. The key question for Russia was whether it would be a player in the new bipolar (East-West) world.

She said that in the ‘90s, Russia had been favourable to European integration, but today the question of the security of post-Soviet space was the Russia’s main concern. Enlargement of the EU was not only a practical problem (Kaliningrad), but also a threat in that EU and NATO enlargement went hand-in-hand. Russia was earlier questioning the existence of a joint EU voice – now it was worried about the tone of this voice. The EU’s ESDP was regarded as another part of NATO’s strategy. A new agreement was badly needed with the EU and it should be comprehensive, based on the four common spaces. At the same time, a breakthrough in relations with NATO was necessary to build a new “stability pact” for the ‘CIS’ space.

As for the current state of Russia's domestic affairs, what the EU considers as factors of instability (bureaucracy, corruption, state capitalism, petro-state elements), were more than that – they were signs of an ailing society. Today, the current elite recognised that the situation was problematic and new winds were blowing. Referring to Medvedev's election, she acknowledged that he was backed by Putin in a non-democratic way, but considered that had he competed with others democratically, he would still have been well placed to win.

Gunnar Wiegand, Head of the Russia Unit in DG RELEX, European Commission, said that there were no easy answers and that it was important to stop talking about each other and start talking to each other. While Russia was never "ours" to lose and the EU's role was not to interpret history. The EU did not want to weaken Russia when it was in transition but many Russian politicians still seemed think there was a grand scheme against Russia. Both sides must overcome their illusions about each other. Putin had achieved much in the past years – Russia was again a strong player in the international arena but this should not be a cause for concern for the EU.

On the subject about values, he pointed out that these should be "pragmatic thoughts". The EU has many strategic partnerships across the world, not all with countries which share common values with it (e.g. China). The EU had many strategic interests and goals in common with Russia and Russia had already "chosen" the EU as its economic partner over India or China. Business, trade and services between Russia and the EU were booming. However, there were still invisible barriers to investment in Russia and they would continue to exist if there was no legal agreement. The EU was also doing much in other areas, such as justice and home affairs. The most difficult sphere was "values" but Russia had entered into commitments (CoE, OSCE) and the EU would hold it accountable to these. All EU member states wanted to negotiate a new, legally binding agreement with Russia and this was already an indication of the existence of an EU common policy towards Russia.

In considering Russia's "authoritarian governance" he asked that Medvedev be given a chance to prove his words about the state of "legal nihilism", the need for separation of state and business, a strong civil society and an independent judicial system.

Marie Mendras, Research Fellow with the Centre National de la Recherche Scientifique and Lecturer at Sciences Po University, condemned the implied justification of authoritarianism in Russia as a necessary evil for its increased assertion in the international scene. She questioned what and where Russia would be today if it had been more democratic or closer to European values and argued that it would have been better off in all areas. But Russia was making its own choices and Europe should not exaggerate its guilty feelings about it.

She argued also that the triangular relationship was not EU-Russia-NATO as had been presented earlier, but EU-Russia-Common Neighbourhood (i.e. the countries in between). Putin had created enemies in order to justify his policies. She also disagreed with Mr Bovt's theory that the problem was effectiveness of the institutions rather than political values and said that society in Russia had little way of expressing itself. The "elite-at-large", as part of the intelligentsia culture, should be able to influence policy but cannot. Much depends on these elites, if they stop moving forward, there will be no progress in society.

Finally, she attributed the difference in views of the EU and Russia towards a partnership deal to the structural difference in outlooks: the Russian leadership was short-term, while the EU was looking into the medium- to long-term.

### Questions and Answers

A representative of the Ukrainian Mission to the EU stated that Ukraine had decided to pursue integration with Europe and Russia should learn to live with this. Besides, Russian policy had alienated Ukraine. Ms Arbatova agreed that this was the case and said that the “stability pact” she had referred to earlier should include and involve all partners. However, she said that, as it was legitimate for Ukraine to seek membership of EU and NATO, so it was legitimate for Russia to oppose that. Therefore it was imperative to firstly solve the issue of NATO-Russia relations.

To a question on how the four Common Spaces could be made legally binding, Ms Arbatova replied that the main pre-requisite would be for both parties to have the same “spaces”. In terms of the 2<sup>nd</sup> (external relations) and 3<sup>rd</sup> (internal/justice and security) spaces, this was not the case today.

Questions to Marie Mendras centred on the issues of the nature of the new regime, the likelihood of elites giving up their vested interests in favour of change and of the outlook for freedom of media and democracy in Russia, to which she replied that it was not a matter of giving more time to Russian society because the problem was the deconstruction of public institutions and a conscious effort to destroy any basis for a democratic path.

Finally, Mr Wiegand said that the negotiations would be long and the new agreement should not be considered a panacea. On energy cooperation and reciprocity of actions, balanced and clear rules were needed, as Europe’s interests were down-stream, while Russia’s were upstream.). He also pointed to the difference in use of terms used by EU members and Russians in this conference: “neighbourhood” of sovereign states vs “post-Soviet space” and made reference to the importance of people-to-people exchanges.

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Mr Champenois closed the conference saying that, while the end of the USSR had not been of the EU’s choosing, at that time Russia was ‘a blank sheet of paper’. This was no longer the case; Russia was back and the EU had to accept that, welcome it and look to the future. He concluded, ‘We do share the same values ... and those values sit at the heart of the Russian constitution.’

At the same time, the challenges of globalisation as well as the growing *multilateralisation* impose new constraints on the relationship. Partnership, even though it is bound to be a troubled one, is therefore in the nature of things but this also implies, on the part of both sides, a willingness to accept a measure of mutual dependence and a minimum of mutual trust.